

MLN Matters Number: MM4132

Related Change Request (CR) #: 4132

Related CR Release Date: November 4, 2005

Effective Date: January 1, 2006

Related CR Transmittal #: 31

Implementation Date: January 3, 2006

Update to Medicare Deductible, Coinsurance, and Premium Rates for 2006

Note: This article was updated on February 21, 2013, to reflect current Web addresses. All other information remains unchanged.

Provider Types Affected

Physicians, suppliers, and providers billing Part A and Part B services to Medicare carriers, including durable medical equipment regional carriers (DMERCs) and/or fiscal intermediaries (FIs), including regional home health intermediaries (RHHIs)

Provider Action Needed

This article is based on Change Request (CR) 4132, which updates the Centers for Medicare & Medicaid Services (CMS) claims processing systems and the *Medicare General Information, Eligibility, and Entitlement Manual* (Pub.100-01) with the new 2006 Medicare deductible, coinsurance, and premium rates for 2006.

Background

Medicare beneficiaries using covered Part A services (inpatient hospital services, skilled nursing facilities (SNFs), home health services, and hospice care) and Part B services (physician services, outpatient hospital services, medical equipment and supplies, and other health services and supplies) may be subject to deductible and coinsurance requirements.

Beneficiaries are responsible for an inpatient hospital deductible amount (which is deducted from the amount payable by the Medicare program to the hospital) for inpatient hospital services furnished during a spell of illness.

After the 60th day that a beneficiary receives inpatient hospital services (during a spell of illness), he or she is responsible for a coinsurance amount equal to one-fourth of the inpatient hospital deductible per day for the **61st-90th day** spent in the hospital.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

After the 90th day spent in the hospital during a spell of illness, the beneficiary may elect to use his or her 60 lifetime reserve days of coverage. The coinsurance amount for these days is equal to one-half of the inpatient hospital deductible.

For SNF services furnished during a spell of illness, the beneficiary is responsible for a coinsurance amount equal to one-eighth of the inpatient hospital deductible per day for the 21st-100th day in an SNF.

Most individuals age 65 and older (and many disabled individuals under age 65) are insured for Health Insurance (HI) benefits without a premium payment.

The Social Security Act provides that certain aged and disabled persons who are not insured may voluntarily enroll but are subject to the payment of a monthly premium. Since 1994, voluntary enrollees may qualify for a reduced premium if they have 30-39 quarters of covered employment. When voluntary enrollment takes place more than 12 months after a person's initial enrollment period, a 10 percent penalty is assessed for two years for every year they could have enrolled and failed to enroll in Part A.

Under Supplementary Medical Insurance (SMI), all enrollees are subject to a monthly premium. Most SMI services are subject to an annual deductible and coinsurance (percent of costs that the enrollee must pay), which are set by statute.

When SMI enrollment takes place more than 12 months after a person's initial enrollment period, there is a permanent 10 percent increase in the premium for each year the beneficiary could have enrolled and failed to enroll.

The following includes Medicare Part A and Part B deductible, coinsurance, and premium amounts for 2006:

A. Medicare Part A Deductible, Coinsurance, and Premium Amounts for 2006:

- **Deductible:** \$952.00 per benefit period or spell of illness;
- **Coinsurance:**
 - \$238.00 a day for days 61-90 in each period;
 - \$476.00 a day for days 91-150 for each "Lifetime Reserve" day used; and
 - \$119.00 a day in an SNF for days 21-100 in each benefit period; and
- **Premium:**
 - \$393.00 per month for those who must pay a premium;
 - \$432.30 per month for those who must pay a premium **and** must pay a 10 percent increase;
 - \$216.00 per month for those who have 30-39 quarters of coverage; and

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

- \$237.60 per month for those who have 30-39 quarters of coverage and must pay a 10 percent increase.

The table below compares deductible and coinsurance amounts for 2005 and 2006:

| Year | Inpatient Hospital Deductible, 1 st 60 Days | Inpatient Hospital Coinsurance, 61 st -90 th Days | 60 Lifetime Reserve Days Coinsurance | SNF Coinsurance |
|------|--|---|--------------------------------------|-----------------|
| 2005 | \$912 | \$228 | \$456 | \$114 |
| 2006 | \$952 | \$238 | \$476 | \$119 |

B. Medicare Part B Deductible, Coinsurance, and Premium Amounts for 2006:

- **Deductible:** \$124.00 per year;
- **Coinsurance:** 20 percent; and
- **Premium:** \$88.50 per month.

Additional Information

For complete details, please see the official instruction issued to your carrier/DMERC/intermediary regarding this change. That instruction may be viewed at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R31GI.pdf> on the CMS website.

If you have any questions, please contact your carrier/DMERC/intermediary at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.