

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services



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MLN Matters® Number: MM7567 **Revised**

Related Change Request (CR) #: CR 7567

Related CR Release Date: December 16, 2011

Effective Date: January 1, 2012

Related CR Transmittal #: R74GI

Implementation Date: January 3, 2012

## Update to Medicare Deductible, Coinsurance and Premium Rates for 2012

**Note:** This article was revised on December 19, 2011, to reflect a revised CR7567 issued on December 16, 2011. In the article, the CR release date, transmittal number, and the Web address for accessing CR7567 were revised. All other information is the same.

### Provider Types Affected

Physicians, providers, and suppliers submitting claims to Medicare contractors (carriers, Fiscal Intermediaries (FIs), A/B Medicare Administrative Contractors (A/B MACs), and/or Regional Home Health Intermediaries (RHHIs)) for services provided to Medicare beneficiaries.

### Provider Action Needed

This article is based on Change Request (CR) 7567, which provides the Medicare rates for deductible, coinsurance, and premium payment amounts for Calendar Year (CY) 2012. Be sure billing staffs are aware of these updates.

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## Background

### *2012 Part A - Hospital Insurance (HI)*

Beneficiaries who use covered Part A services may be subject to deductible and coinsurance requirements. A beneficiary is 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 in a spell of illness. When a beneficiary receives such services for more than 60 days 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 61<sup>st</sup>-90<sup>th</sup> day spent in the hospital.

**Note:** An individual has 60 lifetime reserve days of coverage, which they may elect to use after the 90<sup>th</sup> day in a spell of illness. The coinsurance amount for these days is equal to one-half of the inpatient hospital deductible.

In addition, a beneficiary is responsible for a coinsurance amount equal to one-eighth of the inpatient hospital deductible per day for the 21<sup>st</sup> through the 100<sup>th</sup> day of Skilled Nursing Facility (SNF) services furnished during a spell of illness. **The 2012 inpatient deductible is \$1,156.00.** The coinsurance amounts are shown below in the following table:

Hospital Coinsurance		Skilled Nursing Facility Coinsurance
Days 61-90	Days 91-150 (Lifetime Reserve Days)	Days 21-100
\$289.00	\$578.00	\$144.50

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 2-year 10% penalty is assessed for every year they had the opportunity to (but failed to) enroll in Part A. The 2012 Part A premiums are as follows:

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<b>Voluntary Enrollees Part A Premium Schedule for 2012</b>	
<b>Base Premium (BP)</b>	\$451.00 per month
<b>Base Premium with 10% Surcharge</b>	\$496.10 per month
<b>Base Premium with 45% Reduction</b>	248.00 per month (for those who have 30-39 quarters of coverage)
<b>Base Premium with 45% Reduction and 10% Surcharge</b>	\$272.80 per month

### ***2012 Part B - Supplementary Medical Insurance (SMI)***

Under Part B of the Supplementary Medical Insurance (SMI) program, 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 Part B 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.

- Standard Premium: \$99.90 a month
- Deductible: \$140.00 a year
- Coinsurance: 20 percent

In addition, some beneficiaries may pay higher premiums based on their incomes. These amounts change each year. There may be a late-enrollment penalty.

## **Additional Information**

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The official instruction, CR7567, issued to your carriers, FIs, A/B MACs, and RHHs regarding this change may be viewed at <http://www.cms.gov/Transmittals/downloads/R74GI.pdf> on the CMS website. If you have any questions, please contact your carriers, FIs, A/B MACs, or RHHs at their toll-free number, which may be found at <http://www.cms.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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