

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



**MLN Matters® Number: MM9410**

**Related Change Request (CR) #: CR 9410**

**Related CR Release Date: November 25, 2015**

**Effective Date: January 1, 2016**

**Related CR Transmittal #: R96GI**

**Implementation Date: January 4, 2016**

## **Update to Medicare Deductible, Coinsurance and Premium Rates for 2016**

### **Provider Types Affected**

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This MLN Matters® Article is intended for physicians, other providers, and suppliers submitting claims to Medicare Administrative Contractors (MACs), including Home Health & Hospice MACs and Durable Medical Equipment MACs, for services provided to Medicare beneficiaries.

### **Provider Action Needed**

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Change Request (CR) provides instruction for MACs to update the claims processing system with the new Calendar Year (CY) 2016 Medicare deductible, coinsurance, and premium rates. Make sure your billing staffs are aware of these changes.

### **Background**

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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 61st-90th day spent in the hospital. An individual has 60 lifetime reserve days of coverage, which they may elect to use after the 90th day in a spell of illness. The coinsurance amount for these days is equal to one-half of the inpatient hospital deductible. A beneficiary is responsible for a coinsurance amount equal to one-eighth of the inpatient hospital deductible

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per day for the 21st through the 100th day of Skilled Nursing Facility (SNF) services furnished during a spell of illness.

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 2 years for every year they could have enrolled and failed to enroll in Part A.

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. In addition, some beneficiaries may pay higher Part B premiums, based on their income.

## **2016 PART A - HOSPITAL INSURANCE (HI)**

- Deductible: \$1,288.00
- Coinsurance
  - \$322.00 a day for 61st-90th day
  - \$644.00 a day for 91st-150th day (lifetime reserve days)
  - \$161.00 a day for 21st-100th day (Skilled Nursing Facility coinsurance)
- Base Premium (BP): \$411.00 a month
- BP with 10% surcharge: \$452.10 a month
- BP with 45% reduction: \$226.00 a month (for those who have 30-39 quarters of coverage)
- BP with 45% reduction and 10% surcharge: \$248.60 a month

## **2016 PART B - SUPPLEMENTARY MEDICAL INSURANCE (SMI)**

- Standard Premium: \$121.80 a month
- Deductible: \$166.00 a year
- Pro Rata Data Amount
  - \$118.86 1st month

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- \$47.14 2nd month
- Coinsurance: 20 percent

## Additional Information

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The official instruction, CR 9410, issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R96GI.pdf> on the Centers for Medicare & Medicaid Services (CMS) website.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/index.html> under - How Does It Work.

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