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**DATE:** December 10, 2010

**TO:** All Part D Plan Sponsors

**SUBJECT:** Part D-Income Related Monthly Adjustment Amount—Frequently Asked Questions & Answers

**FROM:** Anthony Culotta, Director  
Medicare Enrollment & Appeals Group

The purpose of this memorandum is to provide Part D plan sponsors with a series of questions and answers to address concerns that enrollees may raise about the Part D-Income Related Monthly Adjustment Amount (Part D-IRMAA). Although Part D plan sponsors will not be billing or collecting the Part D-IRMAA, the Centers for Medicare & Medicaid Services (CMS) recognize the need for plan sponsors to be prepared to provide Medicare beneficiaries with consistent and accurate information on the Part D-IRMAA.

**Background**

Effective January 1, 2011, §3308 of the Affordable Care Act amended §1860D-13(a)(7) of the Social Security Act by establishing an income related monthly adjustment amount under the Part D program (Part D-IRMAA). The Part D-IRMAA is an amount added to the monthly Part D premium for individuals whose modified adjusted gross income (MAGI) exceeds certain threshold amounts. In 2010, these amounts were \$85,000 for a beneficiary filing an individual income tax return or married and filing a separate return, and \$170,000 for a beneficiary filing a joint tax return. Under §1839(i)(5), the dollar amount for the income tiers will be adjusted annually based on the Consumer Price Index. However, in accordance with §3204 of the Affordable Care Act, these income threshold amounts will remain at the 2010 levels for calendar years 2011-2019. Shown in the following tables are the income threshold tiers and related Part D-IRMAA amounts:

	<b>Beneficiaries who file individual tax returns with income that is:</b>	<b>Beneficiaries who file joint tax returns with income that is:</b>	<b>Part D-Income Related Monthly Adjustment Amount will be:</b>
<b>Income Threshold Tier 1</b>	Less than or equal to \$85,000	Less than or equal to \$170,000	\$0.00
<b>Income Threshold Tier 2</b>	Greater than \$85,000 and less than or equal to \$107,000	Greater than \$170,000 and less than or equal to \$214,000	\$12.00
<b>Income Threshold Tier 3</b>	Greater than \$107,000 and less than or equal to \$160,000	Greater than \$214,000 and less than or equal to \$320,000	\$31.10
<b>Income Threshold Tier 4</b>	Greater than \$160,000 and less than or equal to \$214,000	Greater than \$320,000 and less than or equal to \$428,000	\$50.10
<b>Income Threshold Tier 5</b>	Greater than \$214,000	Greater than \$428,000	\$69.10

	<b>Beneficiaries who are married but file separate tax returns from their spouses with income that is:</b>	<b>Part D-Income Related Monthly Adjustment Amount will be:</b>
<b>Income Threshold Tier 1</b>	Less than or equal to \$85,000	\$0.00
<b>Income Threshold Tier 2</b>	Greater than \$85,000 and less than or equal to \$129,000	\$50.00
<b>Income Threshold Tier 3</b>	Greater than \$129,000	\$69.10

Section 3308 requires the Social Security Administration (SSA) to determine which beneficiaries enrolled in the Medicare prescription drug program will be assessed the Part D-IRMAA. Once SSA makes this determination, it will provide each identified beneficiary with a written notice that includes: (1) the amount of the Part D-IRMAA; (2) what information was used by SSA to make the determination; and (3) how to request a review of the Part D-IRMAA determination. In general, the Part D-IRMAA will be paid through premium withholding from monthly Social Security benefit payments. However, in cases where a beneficiary's monthly benefit amount is not sufficient to pay the Part D-IRMAA or the individual is not receiving Social Security benefits, SSA will enter into agreements with CMS, the Office of Personnel Management (OPM), and the Railroad Retirement Board (RRB) to allow the respective Agencies to bill enrollees directly for the Part D-IRMAA.

### **Frequently Asked Questions & Answers**

The *Frequently Asked Questions & Answers: The Part D-Income Related Monthly Adjustment Amount (Part D-IRMAA)* document below conveys CMS-approved answers that address questions CMS believes enrollees are most likely to ask their plans. These questions provide information on the following:

- An explanation of the Part D-IRMAA;
- How the additional amount will be collected; and
- Appropriate government agencies to contact with questions.

These questions and answers were developed in plain language so they could be easily understood by enrollees and used in plan communications to beneficiaries or in customer service scripts.

### **Point of Contact**

For questions on the Part D Income Related Monthly Adjustment Amount, please contact Rhonda GreeneBruce via e-mail at [Rhonda.GreeneBruce@cms.hhs.gov](mailto:Rhonda.GreeneBruce@cms.hhs.gov) or via telephone at (410) 786-7579.

# Frequently Asked Questions & Answers: Part D-Income Related Monthly

## **1. What is the income-related monthly adjustment amount (IRMAA)?**

*Changes in the law affect how Medicare prescription drug coverage premiums are calculated for those with higher incomes. Beginning January 1, 2011, if you have a higher income, you will pay a higher premium for your Medicare prescription drug coverage (Part D). If your income is \$85,000 or above (individual) or \$170,000 or above (married filing jointly), you must pay an extra premium amount for your Medicare Part B and Medicare prescription drug coverage. This extra premium amount is called the income-related monthly adjustment amount (IRMAA). This amount is based on your modified adjusted gross income as reported on your IRS tax return from 2 years ago (your most recent tax return).*

## **2. How will I know if I have to pay Part D-IRMAA?**

*Social Security will send you a letter if you have to pay an extra amount for your Medicare prescription drug coverage. This letter will explain how they determined the amount you must pay and the actual IRMAA amount.*

*Your health plan does not determine who will be subject to the Part D-IRMAA. Therefore, if you disagree with the amount you must pay, you must contact the Social Security Administration. You can visit them at [www.socialsecurity.gov/mediinfo.htm](http://www.socialsecurity.gov/mediinfo.htm), call **1-800-772-1213**, or visit your local Social Security office. TTY users should call 1-800-325-0778.*

## **3. Do I have to pay the Part D-IRMAA?**

*Yes. You must pay both the extra amount, as well as your plan's premium each month in order to keep Medicare prescription drug (Part D) coverage.*

## **4. Why am I subject to Part D-IRMAA in addition to my standard prescription drug premium?**

*A new law changes how Medicare prescription drug coverage premiums are calculated for those with higher incomes. Social Security will send you a letter if you have to pay an extra amount for your Medicare prescription drug coverage. This letter will explain how they determined the amount you must pay and the actual amount.*

*Your health plan does not determine who will be subject to the Part D-IRMAA. Therefore, if you disagree with the amount you must pay, you must contact the Social Security Administration. You can visit them at [www.socialsecurity.gov/mediinfo.htm](http://www.socialsecurity.gov/mediinfo.htm), call **1-800-772-1213**, or visit your local Social Security office. TTY users should call 1-800-325-0778.*

**5. Why am I receiving a bill from the Centers for Medicare & Medicaid Services (CMS) for my Part D-IRMAA, rather than Social Security withholding the amount from my check?**

*By law, income-related monthly adjustment amount (IRMAA) for prescription drug coverage must be withheld from Social Security, Railroad Retirement Board, or Office of Personnel Management benefit checks unless the monthly payment isn't enough to cover the entire amount owed. If your check isn't enough to cover the entire amount, you will get a bill from Medicare. For more information about the Part D-IRMAA withholdings from your benefit check, visit [www.socialsecurity.gov/mediinfo.htm](http://www.socialsecurity.gov/mediinfo.htm), call 1-800-772-1213, or visit your local Social Security office. TTY users should call 1-800-325-0778. For more information about the bill you received from Medicare, visit Centers for Medicare and Medicaid Services resources are available at [www.medicare.gov](http://www.medicare.gov) or by calling **1-800-MEDICARE (1-800-633-4227; TTY 1-877-486-2048)**.*

*Note: If you get railroad retirement benefits, you will initially get bills from the Railroad Retirement Board (RRB) for this amount each month. The RRB will send you these bills until it has a system in place to withhold this amount from your monthly benefit check.*

**6. Can I pay my Medicare prescription drug plan premium and my Part D-IRMAA premium together?**

*No. By law, the income-related monthly adjustment amount (IRMAA) for Medicare prescription drug coverage is deducted from your Social Security, Railroad Retirement Board, or Office of Personnel Management benefits if your monthly payment can cover this amount. If not, you will get a bill from Medicare. Your drug plan is responsible for billing and collecting the non-IRMAA part of your premium. Since these two amounts are billed and collected by two separate entities, you will get two separate bills and need to pay each of them separately.*

*Note: If you get railroad retirement benefits, you will get bills from the Railroad Retirement Board (RRB) for this amount each month. The RRB will send you these bills until it has a system in place to withhold this amount from your monthly benefit check.*

**7. Will an individual be charged the Part D-IRMAA if they do not have a Medicare prescription drug plan?**

*If an individual does not have or no longer has Medicare prescription drug coverage, they shouldn't be charged the Part D-IRMAA. However, if someone didn't pay the Part D-IRMAA that was owed before disenrolling from their prescription drug coverage, they are responsible for the past due amount.*

**8. How can I get more information about the Part D-IRMAA?**

- Visit [www.medicare.gov](http://www.medicare.gov) or call **1-800-MEDICARE (1-800-633-4227)**. TTY users should call 1-877-486-2048.
- Visit [www.socialsecurity.gov/mediinfo.htm](http://www.socialsecurity.gov/mediinfo.htm), call **1-800-772-1213**, or visit your local Social Security office. TTY users should call 1-800-325-0778.