MEDICARE COSTS AND PENALTIES
Disclaimer

- The information provided in the presentation is general information.
- There are exceptions and special circumstances that may affect how this information may apply to you.
- Specific amounts mentioned in this presentation are for 2020.
- This presentation does not include temporary waivers and adjustments due to COVID-19.
Brief Overview of Medicare

Focus on Costs & Penalties
Part A (Hospital Insurance) – Costs

- No monthly premium UNLESS

- Neither you nor your current or former spouse has paid payroll taxes for less than 10 years
  - $458/month premium less than 29 quarters
  - $252/month premium for 30-39 quarters
Part A (Hospital Insurance) – Costs

- Hospital Stay:
  - $1,408 deductible per benefit period
  - Benefit period begins 1\textsuperscript{st} day of hospitalization
  - Ends 60 days after the last day in the hospital or skilled nursing facility
Part A (Hospital Insurance) – Costs

- Hospital Stay:
  - $0 for the first 60 days of each benefit period
  - $352 per day for days 61–90 of each benefit period
  - $704 per day for day 91 and beyond up to a maximum of 60 days over your lifetime

Senior PharmAssist - www.seniorpharmassist.org - 919-688-4772
Part A (Hospital Insurance) – Costs

- Skilled Nursing Facility (during rehabilitation):
  - $0 for the first 20 days of each benefit period
  - $176 per day for days 21–100 of each benefit period
  - All costs for each day after day 100 of the benefit period
Part B (Medical Insurance) – Costs

- The premium for Part B is $144.60 (2020)
- If you have a lower income, you may pay less
  - See separate video about lower incomes
- If you have a higher income, you could pay more
  (note costs on chart on next slide)
### Part B (Medical Insurance) - Higher Income Costs

#### Income-Related Monthly Adjustment Amount (IRMAA)

- Based on IRS from 2 years ago
- May appeal to SSA if income changes

<table>
<thead>
<tr>
<th>Individual Tax Return</th>
<th>Joint Tax Return</th>
<th>Married &amp; Separate Tax Return</th>
<th>You pay in 2020 Monthly premiums to Medicare</th>
</tr>
</thead>
<tbody>
<tr>
<td>$87,000 or less</td>
<td>$174,000 or less</td>
<td>$87,000 or less</td>
<td>$144.60 $0.00</td>
</tr>
<tr>
<td>$87,001 to $109,000</td>
<td>$174,001 to $218,000</td>
<td>N/A</td>
<td>$202.40 (144.60 + 57.80) $12.20</td>
</tr>
<tr>
<td>$109,001 to $136,000</td>
<td>$218,001 to $272,000</td>
<td>N/A</td>
<td>$289.20 (144.60 + 144.60) $31.50</td>
</tr>
<tr>
<td>$136,001 to $163,000</td>
<td>$272,001 to $326,000</td>
<td>N/A</td>
<td>$376.00 (144.60 + 231.40) $50.70</td>
</tr>
<tr>
<td>$163,001 to $499,999</td>
<td>$326,001 to $749,999</td>
<td>$87,001 to $412,999</td>
<td>$462.70 (144.60 + 318.10) $70.00</td>
</tr>
<tr>
<td>$500,000 +</td>
<td>$750,000 +</td>
<td>$413,000 +</td>
<td>$491.60 (144.60 + 347.00) $76.40</td>
</tr>
</tbody>
</table>

* 2018 MAGI = Adjusted Gross Income (IRS Form 1040 line 7) + Tax-Exempt Interest (IRS Form 1040 line 2a)
Part B (Medical Insurance) – Costs

- Annual deductible - $198
- Medicare pays 80%
- You pay 20%

Senior PharmAssist - www.seniorpharmassist.org - 919-688-4772
Part D (Prescription Drug Insurance) – Costs

- Premiums range from $14 to $121
- Deductible up to $435 annually
- Drug costs dependent on
  - Drugs taken
  - Plan chosen
  - Pharmacy used
Part D (Prescription Drug Insurance) – Costs

- If you qualify for Low Income Subsidy (LIS), also known as Extra Help
  - Lower or no prescription premiums
  - Cheaper prescription co-pays
- If you have IRMAA, your prescription premiums will increase (note costs on chart on next slide)
Part B (Medical Insurance) - Higher Income Costs

Income-Related Monthly Adjustment Amount (IRMAA)

■ Based on IRS income from 2 years ago
■ May appeal to SSA if income changes

If your yearly income (MAGI: Modified Adjusted Gross Income*) in 2018 was...

<table>
<thead>
<tr>
<th>Individual Tax Return</th>
<th>Joint Tax Return</th>
<th>Married &amp; Separate Tax Return</th>
<th>Part B Premium + Part D IRMAA (in addition to Part D plan premium)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$87,000 or less</td>
<td>$174,000 or less</td>
<td>$87,000 or less</td>
<td>$144.60</td>
</tr>
<tr>
<td>$87,001 to $109,000</td>
<td>$174,001 to $218,000</td>
<td>N/A</td>
<td>$202.40 (144.60 + 57.80)</td>
</tr>
<tr>
<td>$109,001 to $136,000</td>
<td>$218,001 to $272,000</td>
<td>N/A</td>
<td>$289.20 (144.60 + 144.60)</td>
</tr>
<tr>
<td>$136,001 to $163,000</td>
<td>$272,001 to $326,000</td>
<td>N/A</td>
<td>$376.00 (144.60 + 231.40)</td>
</tr>
<tr>
<td>$163,001 to $499,999</td>
<td>$326,001 to $749,999</td>
<td>$87,001 to $412,999</td>
<td>$462.70 (144.60 + 318.10)</td>
</tr>
<tr>
<td>$500,000 +</td>
<td>$750,000 +</td>
<td>$413,000 +</td>
<td>$491.60 (144.60 + 347.00)</td>
</tr>
</tbody>
</table>

* 2018 MAGI = Adjusted Gross Income (IRS Form 1040 line 7) + Tax-Exempt Interest (IRS Form 1040 line 2a)
Medicare Advantage Plans – Costs

- Part B Premium $144.60 (or higher if you have IRMAA)
- Part C premiums - $0 - $150 / month
- Variable Copayments & Coinsurance based on Insurance Company chosen
Medicare Advantage Plans – Costs

- If Prescription Drug plan is part of Medicare Advantage Plans
  - Health & drug premiums will be combined for one monthly premium

- Drug deductible up to $435 annually
Medicare Advantage Plans – Costs

- Drug costs dependent on
  - Drugs taken
  - Plan chosen
  - Pharmacy used
Late Enrollment Penalties (LEP) - Part B

Part B Late Enrollment Penalties if you did not enroll at 65 or when you or your spouse retired:

- Lifetime monthly premiums increase by 10% for each 12-month period you could've had Part B but did not sign up
Late Enrollment Penalty (LEP) - Part D

- LEP for any continuous 63 day period or more after your IEP that you did not have Part D, MAPD or credible coverage:
  - Lifetime monthly premiums increase by 1% of the Current National Base Beneficiary Premium (an average) for each month you did not have drug coverage
Late Enrollment Penalty (LEP) - Part D

In 2020, the average Part D premium is $32.74

LEP Example:

16 months w/o Part D or credible coverage
X .01% of Part D base premium
X $32.74 Part D base premium
= $5.24

$5.20 rounded to the nearest $.10
Late Enrollment Penalties – Part B & Part D

- If you get Part B or Part D or other creditable coverage, Part B or Part D coverage may be delayed up to 9 months.

- Late Enrollment Penalties (LEP) for Part B or Part D are lifetime monthly premium increases.

- Exceptions:
  - If you qualify for low income assistance, LEP are waived.
  - If you had LEP before age 65, at 65 all previous LEP will stop.

Senior PharmAssist - www.seniorpharmassist.org - 919-688-4772
Where to Find More Information

- Call Senior PharmAssist: 919-688-4772

- Or check our website: www.seniorpharmassist.org
Where to Find More Information

- Call Seniors’ Health Insurance Information Program (SHIIP): 1-800-408-1212

Where to Find More Information

- Call Medicare 24/7 at 1-800-633-4227
  TTY users can call 1-877-486-2048

- Or check the website:
  www.medicare.gov
Other Videos / PowerPoints Available

- Enrolling in Medicare
- Medicare Part A
- Medicare Part B
- Medicare Part D
- Medicare Supplements
- Medicare Advantage
  - Medicare Costs and Penalties
- Lower Income Information
- Original v Advantage