

update

2019 Premiums, Deductible and Coinsurance for Medicare Parts A and B

Part B Premiums and Deductible

Part B covers physician services, outpatient hospital services, certain home health services, durable medical equipment and other items. The standard Part B premium will increase to \$135.50 for 2019, up from \$134.00 in 2018.

The annual deductible for all Medicare Part B beneficiaries will be \$185.00 for 2019, up from \$183.00 for 2018.

The Part B dollar amounts are shown in the first four rows of the table below, which also shows the base Part D beneficiary premium for prescription drug coverage that [CMS announced on July 31, 2018](#).



Health Compliance News Highlights:

- The standard Part B premium will increase by \$1.50 per month in 2019.
- High-income beneficiaries will pay a higher premium than the standard premium on a sliding scale.
- The annual Part B deductible for all Medicare beneficiaries will increase by \$2.00.

Part B Premium, Part B Deductible and Part D Premium	2018	2019
Standard Monthly Part B Premium	\$134.00	\$135.50
Monthly Part B Premium for Beneficiaries protected by the hold-harmless rule but who receive increases in Social Security benefits more than the Medicare increase	\$134.00	\$135.50
Monthly Part B Premium for Beneficiaries protected by the hold-harmless rule but who receive increases in Social Security benefits which are less than the Medicare increase	<\$134.00	<\$135.50**
Medicare Part B Deductible	\$183.00	\$185.00
Base Part D Beneficiary Premium***	\$35.02	\$33.19

* Several groups of Medicare beneficiaries are not “held harmless” from the premium increases, as discussed on page 2. The monthly Part B premium varies for high-income enrollees, as noted in the table at the top of page 3.

** The premium will be based on the COLA amount.

*** The actual premium paid by a Medicare beneficiary for a Part D Prescription Drug Plan will vary from this base amount due, in part, to the type of plan he or she selects. Factors could include the amount of the deductible, the level of coverage through the coverage gap (“donut hole”) and the range of covered drugs in the plan’s formulary.

Impact of the “Hold-Harmless” Provision on Individual Medicare Premiums

A statutory “hold harmless” provision protects most Medicare beneficiaries from having to pay increases in the Medicare premium that exceed the cost-of-living adjustment (COLA) for Social Security.¹ For 2019, the COLA will increase Social Security benefits by 2.8 percent.² As a result, in 2019, CMS estimates that only about 2 million Medicare beneficiaries (about 3.5 percent) will pay less than the full Part B standard premium. In 2019, Medicare beneficiaries will pay a variety of premium amounts as follows:

- Beneficiaries who were not protected by hold-harmless rules will pay the standard premium of \$135.50.
- Beneficiaries who are protected by the hold-harmless rules, but who receive an increase in their Social Security benefit which is higher than the Medicare premium increase will pay \$135.50 in 2019 (up from \$134 in 2018).
- Beneficiaries who are protected by the hold-harmless rules, but whose increased Social Security benefit is not large enough to cover the full Part B premium increase will pay less than \$135.50, depending on the amount of their COLA. CMS estimates this is about 3.5 percent of Part B enrollees.

For Individuals with Higher Incomes, Higher Part B Premiums and Modest Increase in Part D Premiums

Since 2007, high-income Medicare-eligible individuals who enroll in the Part B program have been required to pay a monthly Part B premium that is higher than the standard premium. The premium varies depending upon enrollees’ modified adjusted gross income and income tax filing status. Due to a recent change in federal law, people with incomes of \$500,000 or more (\$750,000 for married couples filing jointly) will pay more in 2019 than they would have paid under rules in effect during 2018.

There is also an income-related monthly adjustment for enrollees in Part D prescription drug plans, which started in 2011. The Affordable Care Act requires Part D enrollees whose incomes exceed the thresholds established for Part B to pay their regular Part D premium to their plan (that amount will vary based on the plan they choose) and also pay an income-related adjustment to Medicare.

The last column of the table at the top of the next page shows the 2019 income-related monthly adjustment amounts, which CMS [announced in July](#). They all represent decreases compared to 2018, except for the highest income level, which is new for 2019.

¹ Those who are not protected by the hold-harmless provision include new beneficiaries, Medicaid recipients, those who do not pay Medicare through Social Security and those who pay an income-related premium.

² The Social Security Administration announced this increase on October 11, 2018 in a [press release](#).

Income-Related Adjustments to Part B Premiums and Part D Premiums

Income Ranges by Tax Filing Status		Part B Premium		Part D Premium Monthly Adjustment Amounts
		Monthly Adjustment Amounts	Total Monthly Premium	
Individual Return*	Joint Return			
\$85,001 to \$107,000	\$170,001 to \$214,000	\$54.10	\$189.60	\$12.40
\$107,001 to \$133,500	\$214,001 to \$267,000	\$135.40	\$270.90	\$31.90
\$133,501 to \$160,000	\$267,001 to \$320,000	\$216.70	\$352.20	\$51.40
\$160,001 to \$499,999	\$320,001 to \$749,999	\$297.90	\$433.40	\$70.90
\$500,000+**	\$750,000+*	\$325.00	\$460.50	\$77.40

* Married beneficiaries with income in 2019 of more than \$85,000 but less than \$415,000 who file a separate return from their spouse *and* lived with their spouse at some time during the taxable year must pay the following Part B monthly premium adjustment in 2019: \$297.00 (resulting in a total monthly premium of \$433.40). (The Part D monthly adjustment for these couples will be \$70.90.) Married beneficiaries with income in 2019 of more \$415,000 who file a separate return from their spouse *and* lived with their spouse at some time during the taxable year must pay the following Part B monthly premium adjustment in 2019: \$325.00 (resulting in a total monthly premium of \$460.50). (The Part D monthly adjustment for these couples will be \$77.40.)

** This row reflects the new highest-income adjustments first effective in 2019.

Part A Deductible and Coinsurance

Part A pays for inpatient hospital, skilled nursing facility, hospice and certain home health care services. The Part A deductible and coinsurance will increase by 1.79 percent. Many public plans and employers have current and future retirees that do not have, or will not qualify for, zero-premium Part A coverage. Even though Part A eligibility does not impact a retiree's Part B eligibility, many public employers have historically considered these retirees to be ineligible for Medicare coverage of any kind for their entire life. However, alternative market opportunities and strategies exist to provide benefits to these retirees in a more effective manner.

Part A Deductible and Coinsurance	2018	2019
First-Day Part A Hospital Deductible	\$1,340.00	\$1,364.00
Daily Part A Coinsurance for the 61 st through 90 th Day of a Hospital Stay*	\$335.00	\$341.00
Daily Part A Coinsurance for Hospital Stays Longer than 90 Days	\$670.00	\$682.00
Daily Part A Coinsurance for the 21 st through 100 th day in a Skilled Nursing Facility	\$167.50	\$170.50

* There is no cost-sharing requirement for the 2nd through 60th day of a hospital stay.

Implications for Plan Sponsors

Plan sponsors that reimburse Medicare-eligible retirees for Part B premium costs will likely want to revisit their payment policies to ensure that they accurately reflect the new premiums. In particular, plan sponsors may want to limit the amount they pay toward Medicare premiums so that they would not pay for any premium incurred by the retiree. In that way, they will not be exposed to the higher premiums that will be paid by retirees with incomes over the high-income thresholds.

In light of changes to the Medicare program, including the closing of the “donut hole” by 2019, plan sponsors may wish to provide coverage for retirees by contracting with a Medicare Part D prescription drug plan (also referred to as an Employer Group Waiver Plan or EGWP) or a Medicare Advantage (MA) plan.

How Segal Can Help

Professionals in Segal’s Compliance Practice work with plan sponsors and their attorneys on compliance issues. Consultants in Segal’s Health Practice help plan sponsors understand options for providing benefits to Medicare-eligible retirees, including Medicare EGWPs or MA plans.

Questions?

For more information about how the 2019 Medicare premiums may affect your plan, please contact your Segal consultant.

Update is Segal Consulting’s electronic newsletter summarizing compliance news. *Update* is for informational purposes only and should not be construed as legal advice. It is not intended to provide guidance on current laws or pending legislation. On all issues involving the interpretation or application of laws and regulations, plan sponsors should rely on their attorneys for legal advice.



Segal Consulting is a member of [The Segal Group](#).

To receive *Update* and other Segal publications, [join our email list](#).

Follow us:

