

Medicare Part B Premium to Remain the Same for 2014

The Centers for Medicare and Medicaid has announced the Medicare premiums, deductibles, and coinsurances for 2014. The big news is that thanks to what the administration says are the effects of its health reform efforts, the standard Medicare Part B premium will remain the same, \$104.90 a month. The Part B deductible will also hold steady at \$147.

As previously reported, Social Security recipients will receive a 1.5 percent increase in payments in 2014. Because most recipients have their Medicare premiums deducted from their Social Security benefits, the absence of an increase in Medicare premiums means that most will receive a small boost in Social Security benefits.

Here are all the new Medicare figures:

- Part B premium: \$104.90/month (unchanged)
- Part B deductible: \$147 (unchanged)
- Part A deductible: \$1,216 (was \$1,184)
- Co-payment for hospital stay days 61-90: \$304/day (was \$296)
- Co-payment for hospital stay days 91 and beyond: \$608/day (was \$592)
- Skilled nursing facility co-payment, days 21-100: \$152/day (was \$148)

As directed by the 2003 Medicare law, higher-income beneficiaries will pay higher Part B premiums. The amounts for 2014 will remain unchanged from 2013:

- Individuals with annual incomes between \$85,000 and \$107,000 and married couples with annual incomes between \$170,000 and \$214,000 will pay a monthly premium of \$146.90 (unchanged).
- Individuals with annual incomes between \$107,000 and \$160,000 and married couples with annual incomes between \$214,000 and \$320,000 will pay a monthly premium of \$209.80 (unchanged).
- Individuals with annual incomes between \$160,000 and \$214,000 and married couples with annual incomes between \$320,000 and \$428,000 will pay a monthly premium of \$272.70 (unchanged).
- Individuals with annual incomes of \$214,000 or more and married couples with annual incomes of \$428,000 or more will pay a monthly premium of \$335.70 (unchanged).

Rates differ for beneficiaries who are married but file a separate tax return from their spouse:

- Those with incomes between \$85,000 and \$129,000 will pay a monthly premium of \$272.70 (unchanged).
- Those with incomes greater than \$129,000 will pay a monthly premium of \$335.70 (unchanged).

The Social Security Administration uses the income reported two years ago to determine a Part B beneficiary's premiums. So the income reported on a beneficiary's 2012 tax return is used to determine whether the beneficiary must pay a higher monthly Part B premium in 2014. Income is calculated by taking a beneficiary's adjusted gross income and adding back in some normally excluded income, such as tax-exempt interest, U.S. savings bond interest used to pay tuition, and certain income from foreign sources. This is called modified adjusted gross income (MAGI). If a beneficiary's MAGI decreased significantly in the past two years, she may request that information from more recent years be used to calculate the premium.

Those who enroll in Medicare Advantage plans may have different cost-sharing arrangements. On average Medicare Advantage premiums are expected to rise \$1.64 a month to \$32.60 in 2014.