

## Medicare Part B and Part D Premium “Adjustment”

### Reconsideration Process

Medicare Part B helps pay for doctors’ services and outpatient care. It also covers other medical services, such as physical and occupational therapy, and some home health care. For most beneficiaries, the government pays a substantial portion—75 % of the Medicare Part B standard premium and the beneficiary pays the remaining 25 %.

The Medicare Modernization Act of 2003 changed how Medicare Part B premiums are calculated for some higher income beneficiaries. **Most people pay the standard premium**, without an income-related adjustment. Therefore, the vast majority of Medicare beneficiaries are **not** affected.

Medicare Part D helps pay for prescription drugs. In 2011, higher income individuals started paying an “adjustment” for Medicare Part D. This “adjustment” is paid directly to Social Security and is in addition to the Medicare Part D plan premiums that you pay to the insurance company providing your Medicare Part D coverage.

### How will I know if I must pay more?

To determine if you will pay a higher Medicare Part B and Part D premium adjustments the IRS sends Social Security information about your Modified Adjusted Gross Income (MAGI) from your most recent tax return. Your MAGI is a combination of your adjusted gross (taxable) income and tax exempt interest income. The following table shows the MAGI categories and Medicare B premiums for 2011

Modified Adjusted Gross Income 2011 Brackets		Monthly Part B Premium	Monthly Part D Adjustment	Total
≤\$ 85,000	≤ \$170,000	\$115.40	\$0	\$115.40
\$85,001≤\$107,000	\$171,000 ≤\$214,000	\$161.50	\$12.00	\$173.50
\$107,001≤\$160,000	\$214,001 ≤\$320,000	\$230.70	\$31.10	\$261.80
\$160,001≤\$214,000	\$320,001 ≤\$428,000	\$299.90	\$50.10	\$350.00
≥ \$214,001	≥ \$428,001	\$369.10	\$69.10	\$438.20



Modified Adjusted Gross Income 2011 Brackets for Married Beneficiaries Filing Separate Tax Returns	Monthly Part B Premium	Monthly Part D Adjustments	Total
≤\$85,000	\$115.40	\$0	\$115.40
\$85,001 ≤ \$129,000	\$299.90	\$50.10	\$350.00
≥\$129,001	\$369.10	\$69.10	\$432.82

After getting the IRS data, if Social Security will determine if you will need to pay a higher premium and will send you a letter explaining how they made this determination and what your new premium will be.

### **Which tax return will Social Security use?**

To determine your Medicare Part B and Part D premium adjustments, Social Security uses the most recent tax return information provided by IRS. Generally this information is from your tax return filed two years ago.

If you amended your tax return and it changes the income that Social Security counted, let them know. Send Social Security a copy of the amended tax return that you filed and your acknowledgment receipt from IRS. They will update their records with the information you provide, and correct your Medicare Part B and Part D premium adjustments back to the earliest time in that year you had Medicare Part B and Part D.

### **What if my income has gone down?**

If your income has gone down due to any of the following circumstances and the change will make a difference in the income level that Social Security considers, contact Social Security to explain that you have new information and may need a new decision about your Medicare Part B and Part D premium adjustments:

- You married;
- You divorced or your marriage was annulled;



- You became a widow or widower;
- You or your spouse stopped working or reduced work hours;
- You or your spouse lost income from income-producing property due to a disaster or other event beyond your control; or
- You or your spouse's benefits from an insured pension plan stopped or were reduced.

If any of these events happen, you will need to show evidence of the event and explain how it has reduced your income. For Social Security to change their records, **you must show evidence** that your income is lower. You can either bring this evidence in person to a local Social Security office or mail it to Social Security with form SSA-44. You can find a copy of the SSA-44 on our GOODCARE Toolkit menu page.

- **If you filed a tax return for the year in which the income-changing event took place**, provide a signed copy of your tax return. If you have not yet filed a tax return, you can submit an estimate of the change in your income.
- **If your marital status has changed**, provide a marriage or death certificate.
- **If your employment status has changed**, provide a letter from your employer about your retirement.
- **If you have lost income from a property**, provide an insurance claim for property damage.

If you send documents with form SSA-44, these must be either original documents or certified copies. Social Security will return your documents once they have been reviewed. If you go to the Social Security office in person, you should bring both your original documents and certified copies to leave with the Social Security officer.

If Social Security is satisfied with the evidence it will update its records and correct your Part B premium payments to the earliest month in the current year that you had Part B.

## What if I disagree with Social Security's determination of my Medicare Part B and Part D premium adjustment?

If you disagree with Social Security's decision regarding your Medicare Part B and Part D premium adjustment amount, you have the right to appeal.

You may request an appeal in writing by completing a "***Request for Reconsideration***" (Form SSA-561-U2). You can find a copy of the SSA-561 on our GOODCARE Toolkit menu page.

You may contact your local Social Security office to file your appeal or request a copy through the toll-free number listed below.

### Contacting Social Security

For more information, visit the website at [www.socialsecurity.gov/mediinfo.htm](http://www.socialsecurity.gov/mediinfo.htm) or call toll-free, **1-800-772-1213** (TTY **1-800-325-0778**).

Adapted from: <http://www.socialsecurity.gov/pubs/10161.html#taxreturn> Accessed May 20, 2011

### How GOODCARE can help:

- **We are experts at helping people successfully work through this process to make sure you are not overpaying.**
- **Please call us at 866-696-6434 and we will take GOODCARE of you!**

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