

Medicare Part B premiums for 2012 lower than projected

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U.S. Department of Human & Health Services

Affordable Care Act helps keep Medicare affordable

The U.S. Department of Health and Human Services (HHS) announced that Medicare Part B premiums in 2012 will be lower than previously projected and the Part B deductible will decrease by \$22. While the Medicare Trustees predicted monthly premiums would be \$106.60, premiums will instead be \$99.90. Earlier this year, HHS announced that average Medicare Advantage premiums would decrease by four percent and premiums paid for Medicare's prescription drug plans would remain virtually unchanged.

Thanks to the Affordable Care Act, people with Medicare also receive free preventive services and a 50 percent discount on covered prescription drugs when they enter the prescription drug "donut hole." This year, 1.8 million people with Medicare have received cheaper prescription drugs, while nearly 20.5 million Medicare beneficiaries have received a free Annual Wellness Visit or other free preventive services like cancer screenings.

"The Affordable Care Act is helping to keep Medicare strong and affordable," said HHS Secretary Kathleen Sebelius. "People with Medicare are seeing higher quality benefits, better health care choices, and lower costs. Health reform is also strengthening the Medicare Hospital Insurance Trust Fund and cracking down on Medicare fraud."

Medicare Part B covers physicians' services, outpatient hospital services, certain home health services, durable medical equipment, and other items. In 2012, the "standard" Medicare Part B premium will be \$99.90. This is a \$15.50 decrease over the standard 2011 premium of \$115.40 paid by new enrollees and higher income Medicare beneficiaries and by Medicaid on behalf of low-income enrollees.

The majority of people with Medicare have paid \$96.40 per month for Part B since 2008, due to a law that freezes Part B premiums in years where beneficiaries do not receive cost-of-living (COLA) increases in their Social Security checks. In 2012, these people with Medicare will pay the standard Part B premium of \$99.90, amounting to a monthly change of \$3.50 for most people with Medicare. This increase will be offset for almost all seniors and people with disabilities by the additional income they will receive thanks to the Social Security cost-of-living adjustment (COLA). For example, the average COLA for retired workers will be about \$43 a month, which is substantially greater than the \$3.50 premium increase for affected beneficiaries. Additionally, the Medicare Part B deductible will be

\$140, a decrease of \$22 from 2011.

“Thanks in part to the Affordable Care Act, people with Medicare are going to have more money in their pockets next year,” said Centers for Medicare & Medicaid Services (CMS) Administrator Donald Berwick, M.D. “With new tools provided by the Affordable Care Act, we are improving how we pay providers, helping patients get the care they need, and spending our health care dollars more wisely.”

Today, CMS also announced modest increases in Medicare Part A monthly premiums as well as the deductible under Part A. Monthly premiums for Medicare Part A, which pays for inpatient hospitals, skilled nursing facilities, and some home health care, are paid by just the 1 percent of beneficiaries who do not otherwise qualify for Medicare. Medicare Part A monthly premiums will be \$451 for 2012, an increase of \$1 from 2011. The Part A deductible paid by beneficiaries when admitted as a hospital inpatient will be \$1,156 in 2012, an increase of \$24 from this year's \$1,132 deductible. These changes are well below increases in previous years and general inflation.

For more information on how seniors are getting more value out of Medicare, please visit: <http://www.healthcare.gov/news/factsheets/2011/10/medicare10272011a.html>

For more information about the Medicare premiums and deductibles for 2012, please visit: https://www.cms.gov/apps/media/fact_sheets.asp

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