

2012 Medicare Deductibles and Premiums: Is This the Year You'll Collect Deductibles at Time of Service?

☒ CMS just announced the new numbers for premiums and deductibles for 2012. Now is the ideal time to think about Medicare deductibles and what your policy is on collecting deductibles at time of service.

If you've been hesitant to collect deductibles, ask yourself if you can handle the loss or delay of payment of \$140 per Medicare patient. Most practices can't. If you are thinking about collecting deductibles and other front-end collection techniques, my book "The Smart Manager's Guide to Collecting at Checkout" is your guide to making it happen for your healthcare group. **Click here** to read more.

MEDICARE PART B (covers a portion of the cost of physicians' services, outpatient hospital services, certain home health services, durable medical equipment, and other items)

- In 2012, the **Part B deductible will be \$140**, a decrease of \$22 from 2011.
- The standard Medicare Part B monthly premium will be **\$99.90 in 2012**, a \$15.50 decrease over the 2011 premium of \$115.40.
- The standard premium is set to cover one-fourth of the

average cost of Part B services incurred by beneficiaries aged 65 and over, plus a contingency margin. The contingency margin is an amount to ensure that Part B has sufficient assets and income to (i) cover Part B expenditures during the year, (ii) cover incurred-but-unpaid claims costs at the end of the year, (iii) provide for possible variation between actual and projected costs, and (iv) amortize any surplus assets. Most of the remaining Part B costs are financed by Federal general revenues. (In 2012, about \$2.9 billion in Part B expenditures will be financed by the fees on manufacturers and importers of brand-name prescription drugs under the Affordable Care Act.)

- The largest factor affecting the contingency margin for 2012 is the current law formula for **physician fees, which will result in a payment reduction of about 29 percent in 2012.** For each year from 2003 through 2011, Congress has acted to prevent smaller physician fee reductions from occurring. The 2012 reduction is almost certain to be overridden by legislation enacted after Part B financing has been set for 2012. In recognition of the strong possibility of increases in Part B expenditures that would result from similar legislation to override the decrease in physician fees in 2012, it is appropriate to maintain a significantly larger Part B contingency reserve than would otherwise be necessary. The asset level projected for the end of 2012 is adequate to accommodate this contingency. In 2012, Social Security monthly payments to enrollees will increase by 3.6 percent. The dollar increase in benefit checks is expected to be large enough on average to cover the increase in the Part B premium of \$3.50 that most beneficiaries will experience. For those who were paying the standard premium of \$115.40, their benefits checks will only increase.

MEDICARE PART A (inpatient hospital, skilled nursing facility, and some home health care)

- Approximately 99% of Medicare beneficiaries do not pay a premium since they or their spouses have at least 40 quarters of Medicare-covered employment
- Some enrollees age 65 and over and certain persons with disabilities who have fewer than 30 “quarters of coverage” obtain Part A coverage by paying a monthly premium (**\$451 for 2012**) set according to a statutory formula.
- Those who have between 30 and 39 “quarters of coverage” may buy into Part A at a reduced monthly premium rate which is **\$248 for 2012**, the same amount as in 2011.
- The Part A deductible paid by a beneficiary when admitted as a hospital inpatient will be **\$1,156 in 2012**, an increase of \$24 from this year’s \$1,132 deductible.
- The Part A deductible is the beneficiary’s cost for up to 60 days of Medicare-covered inpatient hospital care in a benefit period. Beneficiaries must pay an additional **\$289 per day for days 61 through 90 in 2012**, and **\$578 per day for hospital stays beyond the 90th day** in a benefit period.
- For beneficiaries in skilled nursing facilities, the daily co-insurance for days 21 through 100 in a benefit period will be **\$144.50 in 2012**, compared to \$141.50 in 2011.

MEDICARE PART D (medications)

- The estimate for the average **2012 Part D premium for basic coverage is \$30**. This is slightly lower than the actual average for 2011 of \$30.76.

- The estimate for the average 2012 Part D premium for supplemental coverage is \$8. The estimate for the average 2012 total Part D premium is \$38.

MEDICARE ADVANTAGE PLANS (replacement for traditional Medicare)

- On average, Medicare Advantage premiums will be 4 percent lower in 2012 than in 2011, and plans project enrollment to increase by 10 percent.
- Of people with Medicare, 99.7 percent continue to enjoy access to a Medicare Advantage plan, and benefits remain consistent with those offered in 2011.
- Those who enroll in Medicare Advantage plans may have different cost-sharing arrangements. On average Medicare Advantage premiums will be 4 percent lower in 2012 than in 2011, and plans project enrollment will increase

