



Social Security

Medicare Premiums: Rules For Higher-Income Beneficiaries

2014

www.socialsecurity.gov

Contacting Social Security

Visit our website

Our website, **www.socialsecurity.gov**, is a valuable resource for information about all of Social Security's programs. At our website, you also can:

- Apply for retirement, disability and Medicare benefits;
- Review your *Social Security Statement*;
- Get the address of your local Social Security office;
- Request a replacement Medicare card; and
- Find copies of our publications.

Call our toll-free number

In addition to using our website, you can call us toll-free at **1-800-772-1213**. We treat all calls confidentially. We can answer specific questions from 7 a.m. to 7 p.m., Monday through Friday. Generally, you'll have a shorter wait time if you call during the week after Tuesday. We can provide information by automated phone service 24 hours a day. (You can use our automated response system to tell us a new address or request a replacement Medicare card.) If you are deaf or hard of hearing, you may call our TTY number, **1-800-325-0778**.

We also want to make sure you receive accurate and courteous service. That is why we have a second Social Security representative monitor some telephone calls.

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Rules for higher-income beneficiaries

If you have higher income, the law requires an adjustment to your monthly Medicare Part B (medical insurance) and Medicare prescription drug coverage premiums. Higher-income beneficiaries pay higher premiums for Part B and prescription drug coverage. This affects less than 5 percent of people with Medicare, so most people do not pay a higher premium.

How does this affect me?

If you have higher income, you will pay an additional premium amount for Medicare Part B and Medicare prescription drug coverage. We call the additional amount the income-related monthly adjustment amount. Here's how it works:

- Part B helps pay for your 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—about 75 percent—of the Part B premium and the beneficiary pays the remaining 25 percent.

If you are a higher-income beneficiary, you will pay a larger percentage of the total cost of Part B based on the income you report to the Internal Revenue Service (IRS). You will pay monthly Part B premiums equal to 35, 50, 65, or 80 percent of the total cost, depending on what you report to the IRS.

- Medicare prescription drug coverage helps pay for your prescription drugs. For most beneficiaries, the government pays a major portion of the total costs for this coverage and the beneficiary pays the rest. Prescription drug plan costs vary depending on the plan, and whether you get Extra Help with your portion of the Medicare prescription drug coverage costs. If you are a higher-income beneficiary with Medicare prescription drug coverage, you will pay monthly

premiums plus an additional amount, which is based on what you report to the IRS. Because individual plan premiums vary, the law specifies that the amount is determined using one base premium. We tie the additional amount you pay to the base beneficiary premium, not your own premium amount. If you are a higher-income beneficiary, we deduct this amount from your monthly Social Security payments regardless of how you ordinarily pay your monthly prescription plan premiums. If the amount is greater than your monthly payment from Social Security, or you do not get monthly payments, you will get a separate bill from another Federal agency, such as the Centers for Medicare & Medicaid Services or the Railroad Retirement Board.

How does Social Security determine if I must pay higher premiums?

To determine if you will pay higher premiums, Social Security uses the most recent Federal tax return that the IRS provides to us. If you must pay higher premiums, we use a sliding scale to make the adjustments. We base the sliding scale on your modified adjusted gross income (MAGI). Your MAGI is the total of your adjusted gross income and tax-exempt interest income.

If you file your taxes as “married, filing jointly” and your MAGI is greater than \$170,000, you will pay higher premiums for your Part B and Medicare prescription drug coverage. If you file your taxes using a different status and your MAGI is greater than \$85,000, you will pay higher premiums. (See the chart on pages 8-9 for an idea of what you can expect to pay.)

If you must pay higher premiums, we will send you a letter with your premium amount(s) and the reason for our determination. If you have both Medicare Part B and Medicare prescription drug coverage, you will pay higher premiums for each. If you have only one—Medicare Part B or Medicare prescription drug coverage—you will pay an income-related monthly adjustment amount only on

the benefit you have. If you decide to enroll in the other program later in the same year and you already are paying an income-related monthly adjustment amount, we will apply an adjustment automatically to the other program when you enroll. In this case, we will not send you another letter explaining how we made this determination.

Remember, if your income is not greater than the limits described above, this law does not apply to you.

Which tax return does Social Security use?

To determine your 2014 income-related monthly adjustment amounts, we use your most recent Federal tax return that the IRS provides to us. Generally, this information is from a tax return filed in 2013 for tax year 2012. Sometimes, IRS only provides information from a return filed in 2012 for tax year 2011. If we use the 2011 tax year data and you filed a return for tax year 2012 or did not need to file a tax return for tax year 2012, call us or visit any local Social Security office. We will update our records.

If you amended your tax return and it changes the income we count to determine the income-related monthly adjustment amounts, let us know. Social Security needs to see a copy of the amended tax return you filed and your acknowledgment receipt from IRS. We will update our records with the information you provide, and correct or remove your income-related monthly adjustment amounts, as appropriate.

What if my income has gone down?

If your income has gone down due to any of the following situations and the change makes a difference in the income level we consider, contact us to explain you have new information and may need a new decision about your income-related monthly adjustment amount:

- You married, divorced, or became widowed;
- You or your spouse stopped working or reduced your work hours;
- You or your spouse lost income-producing property due to a disaster or other event beyond your control;
- You or your spouse experienced a scheduled cessation, termination, or reorganization of an employer's pension plan; or
- You or your spouse received a settlement from an employer or former employer because of the employer's closure, bankruptcy, or reorganization.

If any of the above applies to you, we need to see documentation verifying the event and the reduction in your income. The documentation you provide should relate to the event and may include a death certificate, a letter from your employer about your retirement, or something similar. If you filed a Federal income tax return for the year in question, you need to show us your signed copy of the return.

Monthly Medicare premiums for 2014

The standard Part B premium for 2014 is \$104.90. If you are single and filed an individual tax return, or married and filed a joint tax return, the following chart applies to you:

Modified Adjusted Gross Income (MAGI)	Part B monthly premium amount	Prescription drug coverage monthly premium amount
Individuals with a MAGI of \$85,000 or less Married couples with a MAGI of \$170,000 or less	2014 standard premium = \$104.90	Your plan premium
Individuals with a MAGI above \$85,000 up to \$107,000 Married couples with a MAGI above \$170,000 up to \$214,000	Standard premium + \$42.00	Your plan premium + \$12.10
Individuals with a MAGI above \$107,000 up to \$160,000 Married couples with a MAGI above \$214,000 up to \$320,000	Standard premium + \$104.90	Your plan premium + \$31.10
Individuals with a MAGI above \$160,000 up to \$214,000 Married couples with a MAGI above \$320,000 up to \$428,000	Standard premium + \$167.80	Your plan premium + \$50.20
Individuals with a MAGI above \$214,000 Married couples with a MAGI above \$428,000	Standard premium + \$230.80	Your plan premium + \$69.30

If you are married and lived with your spouse at some time during the taxable year, but filed a separate tax return, the following chart applies to you:

Modified Adjusted Gross Income (MAGI)	Part B monthly premium amount	Prescription drug coverage monthly premium amount
Individuals with a MAGI of \$85,000 or less	2013 standard premium= \$104.90	Your plan premium
Individuals with a MAGI above \$85,000 up to \$129,000	Standard premium + \$167.80	Your plan premium + \$50.20
Individuals with a MAGI above \$129,000	Standard premium + \$230.80	Your plan premium + \$69.30

What if I disagree?

If you disagree with the decision regarding your income-related monthly adjustment amounts, you have the right to appeal. You may request an appeal in writing by completing a *Request for Reconsideration* (Form SSA-561-U2) or you may contact your local Social Security office to file your appeal. You can find the appeal form online at **www.socialsecurity.gov/online** or request a copy through our toll-free number at **1-800-772-1213** (TTY **1-800-325-0778**). You do not need to file an appeal if you are requesting a new decision because you experienced one of the events listed on page 7 and it made your income go down or if you have shown us the information we used is wrong.

If you disagree with the amount of MAGI we received from the IRS, you have to correct the information with the IRS. If we determine you must pay a higher amount for Medicare prescription drug coverage, and you do not have this coverage, you have to call the Centers for Medicare & Medicaid Services (CMS) at **1-800-MEDICARE** (**1-800-633-4227**; TTY **1-877-486-2048**) to make a correction. Social Security receives the information about your prescription drug coverage from CMS.

How can I get more information?

To find more information about the income-related monthly adjustment amounts or to apply for Medicare Part A or B, please visit www.socialsecurity.gov/mediinfo.htm or call Social Security at **1-800-772-1213** (TTY **1-800-325-0778**).

To enroll in Medicare prescription drug coverage, to find detailed information about what Medicare covers, or to request a copy of the *Medicare & You* handbook, please visit www.medicare.gov or call **1-800-MEDICARE** (**1-800-633-4227**; TTY **1-877-486-2048**). Your State Health Insurance Counseling and Assistance Program (SHIP) also can help answer your Medicare questions. You can find your local SHIP contact information in the back of your Medicare handbook, online at www.medicare.gov, or you can request it when you call.

If you have limited resources and income, you may be able to get Extra Help with the costs—monthly premiums, annual deductibles, and prescription co-payments—related to Medicare prescription drug coverage. For more information about getting Extra Help with your Medicare prescription drug coverage costs, visit www.socialsecurity.gov/extrahelp or call Social Security at **1-800-772-1213** (TTY **1-800-325-0778**). Social Security representatives are available to help you complete your application. The sooner you apply the sooner you will begin receiving benefits.

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