



DAVID MAXWELL-JOLLY
Director

State of California—Health and Human Services Agency
Department of Health Care Services



ARNOLD SCHWARZENEGGER
Governor

November 4, 2009

TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 09-51
ALL COUNTY ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS

SUBJECT: 2010 MEDICARE PREMIUMS AND SUPPLEMENTAL SECURITY
INCOME STANDARD AND PARENT ALLOCATIONS FOR THE
QUALIFIED MEDICARE/SPECIFIED LOW-INCOME MEDICARE
BENEFICIARY/QUALIFYING INDIVIDUALS-1 AND OTHER PROGRAMS

Reference: All County Welfare Directors Letter (ACWDL) Nos. 99-73,
00-65, 01-66, 02-56, 03-57, 04-39, 05-38, 06-35, 06-35E, 07-25, 08-57

The purpose of this letter is to inform counties of the 2010 Supplemental Security Income Standard Allocation, Parent Allocation, and Medicare premium amounts to be used in determining eligibility and the cost of Medicare premiums. These allocations are based on the annual federal benefit rate which is based on the annual Cost of Living Adjustment (COLA). Social Security's benefit increases have been based on increases in the cost of living, as measured by the Consumer Price Index, because there has been a decline in the Consumer Price Index, there will be no COLA in 2010. The parent allocation amounts will remain the same for 2010 and is determined as follows:

When there is earned, unearned income, or a combination of income:

- The parent allocation (if one ineligible parent lives with a child) is \$674 (for an individual); and
- The parent allocation (if both ineligible parents live with a child) is \$1,011 (for a couple).

The 2010 Medicare Part A premium will rise to \$461 for persons who do not receive free Medicare Part A. The reduced Medicare Part A premium will increase to \$254 for persons with 30-39 quarters of Medicare covered employment. Both have a ten percent penalty for late enrollment.

The 2010 Part A deductible will be \$1,100 for the first 60 days of inpatient care and \$275 per day for days 61 through 90. For days 91 through 150, the deductible will be \$550 per day. The skilled nursing facility deductible will be \$137.50 per day for days 21 through day 100 (there is no deductible for day one through 20).

Because there's no COLA in 2010 and as a result of a "hold harmless" provision in current law, most Medicare individuals will not see an increase in their 2010 Medicare Part B premium and will continue to pay \$96.40; the annual deductible will be \$155. However, approximately 27 percent of Medicare beneficiaries are not subject to the "hold harmless" provision. Please see the enclosed Fact Sheet, "CMS Announces Medicare Premiums, Deductibles for 2010", for details regarding their Part B premiums.

Counties shall disregard the Title II COLAs for all programs where eligibility is based on the federal poverty level (FPL) until the new FPLs are effective for the particular program. A separate ACWDL will be issued to address the FPLs.

If you have questions regarding this letter, please contact Ms. Tammy Kaylor at (916) 552-9496 or by email at tammy.kaylor@dhcs.ca.gov.

Original Signed By

Vivian Auble, Chief
Medi-Cal Eligibility Division

Enclosure

Centers for Medicare & Medicaid Services

[Return to Previous Page](#)

Fact Sheets

Details for: CMS ANNOUNCES MEDICARE PREMIUMS, DEDUCTIBLES FOR 2010

[Return to List](#)

**For Immediate
Release:**

Friday, October 16, 2009

Contact:

CMS Office of Public Affairs
202-690-6145

CMS ANNOUNCES MEDICARE PREMIUMS, DEDUCTIBLES FOR 2010

Most Medicare beneficiaries will not see a Part B monthly premium increase as a result of a “hold harmless” provision in the current law. This allows for 73 percent of beneficiaries to be protected from an increase raising the 2010 Part B monthly premiums from \$96.40 to \$110.50. The Administration continues to urge Congressional action that would protect all beneficiaries from higher Part B premiums and eliminate the inequity of a high premium for the remaining 27 percent of beneficiaries.

By law, the Centers for Medicare & Medicaid Services (CMS) is required to announce the Part A deductibles and Part B premium amount – a notice that is published annually in the Federal Register.

Under the Medicare law, the standard premium is set to cover approximately one-fourth of the average cost of Part B services incurred by beneficiaries aged 65 and over. The remaining Part B costs are financed by Federal general revenues. This monthly premium paid by beneficiaries enrolled in 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 calculating the monthly Part B premium each year, the CMS Office of the Actuary includes a contingency margin to provide for possible variation between actual and projected costs. The size of the contingency margin estimated to be needed for 2010 is affected by two main factors.

First, the current law formula for physician fees, which will result in a reduction in physician fees of approximately 21 percent in 2010 and is projected to cause additional reductions in subsequent years, is one factor affecting the 2010 contingency margin. For each year from 2003 through 2009, Congress has acted to prevent physician fee reductions from occurring.

In recognition of the strong possibility of increases in Part B expenditures that would result from similar legislation to override the decreases in physician fees in 2010 or later years, 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 2009 is not adequate to accommodate this contingency.

Second, the Social Security Administration announced there would be no increase in Social Security benefits for 2010. As a result of the hold-harmless provision, the increase in the Part B premium for 2010 will be paid by only a small percentage of Part B enrollees. Most Part B enrollees will pay the same monthly premium that they paid in 2009 (\$96.40 was the 2009 standard monthly premium).

Approximately 27 percent of beneficiaries are not subject to the hold-harmless provision because they are new enrollees during the year (3 percent), they are subject to the income-related additional premium amount (5 percent), they do not have their Part B premiums withheld from social security benefit payments (19 percent), including those who qualify for both Medicare and Medicaid and have their Part B premiums paid on their behalf by Medicaid (17 percent).

As required in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), beginning in 2007 the Part B premium a beneficiary pays each month is based on his or her annual income. Specifically, if a beneficiary's "modified adjusted gross income" is greater than the legislated threshold amounts (\$85,000 in 2010 for a beneficiary filing an individual income tax return or married and filing a separate return, and \$170,000 for a beneficiary filing a joint tax return) the beneficiary is responsible for a larger portion of the estimated total cost of Part B benefit coverage. In addition to the standard 25 percent premium, such beneficiaries now pay an income-related monthly adjustment amount. These income-related Part B premiums were phased-in over three years, beginning in 2007. About 5 percent of current Part B enrollees are expected to be subject to the

higher premium amounts

The 2010 Part B monthly premium rates to be paid by beneficiaries who file an individual tax return (including those who are single, head of household, qualifying widow(er) with dependent child, or married filing separately who lived apart from their spouse for the entire taxable year), or who file a joint tax return are:

Beneficiaries who file an individual tax return with income:	Beneficiaries who file a joint tax return with income:	Income-related monthly adjustment amount	Total monthly premium amount
Less than or equal to \$85,000	Less than or equal to \$170,000	\$0.00	\$110.50
Greater than \$85,000 and less than or equal to \$107,000	Greater than \$170,000 and less than or equal to \$214,000	\$44.20	\$154.70
Greater than \$107,000 and less than or equal to \$160,000	Greater than \$214,000 and less than or equal to \$320,000	\$110.50	\$221.00
Greater than \$160,000 and less than or equal to \$214,000	Greater than \$320,000 and less than or equal to \$428,000	\$176.80	\$287.30
Greater than \$214,000	Greater than \$428,000	\$243.10	\$353.60

In addition, the monthly premium rates to be paid by beneficiaries who are married, but file a separate return from their spouse and lived with their spouse at any time during the taxable year are:

Beneficiaries who are married but file a separate tax return from their spouse:	Income-related monthly adjustment amount	Total monthly premium amount
---	--	------------------------------

Less than or equal to \$85,000	\$0.00	\$110.50
Greater than \$85,000 and less than or equal to \$129,000	\$176.80	\$287.30
Greater than \$129,000	\$243.10	\$353.60

Part B Deductible

The Part B deductible was increased to \$110 in 2005 and, as a result of the Medicare Modernization Act, is currently indexed to the annual percentage increase in the Part B actuarial rate for aged beneficiaries. In 2010, the Part B deductible will be \$155.

Part A Premium and Deductible

Today, CMS is also announcing the Part A deductible and premium for 2010. Medicare Part A pays for inpatient hospital, skilled nursing facility, hospice, and certain home health care services. The \$1,100 deductible for 2010, paid by the beneficiary when admitted as a hospital inpatient, is an increase of \$32 from \$1,068 in 2009. Beneficiaries must pay an additional \$275 per day for days 61 through 90 in 2010, and \$550 for lifetime reserve days. The corresponding amounts in 2009 are \$267 and \$534, respectively. Daily coinsurance for the 21st through 100th day in a skilled nursing facility will be \$137.50 in 2010, up from \$133.50 in 2009.

Approximately 99 percent of Medicare beneficiaries do not have to pay a premium for Part A services because they have at least 40 quarters of Medicare-covered employment (or are the spouse or widow(er) of such a person). However, other seniors and certain people under age 65 with disabilities who have fewer than 30 quarters of coverage may obtain Part A coverage by paying a monthly premium set according to a statutory formula. This premium will be \$461 per month for 2010, an increase of \$18 from 2009. A reduced premium applies in the case of individuals with 30 to 39 quarters of

coverage, who will pay a premium of \$254 in 2010, compared to \$244 in 2009.

#

Page Last Modified: 5/14/07 12:00 PM