



# Social Security

## Medicare Premiums: Rules For Higher-Income Beneficiaries

2016

[www.socialsecurity.gov](http://www.socialsecurity.gov)

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## Contacting Social Security

### Visit our website

At our website, [www.socialsecurity.gov](http://www.socialsecurity.gov), you can:

- Create a **my Social Security** account to review your *Social Security Statement*, verify your earnings, print a benefit verification letter, change your direct deposit information, request a replacement Medicare card, get a replacement 1099/1042S, and more.
- Apply for Extra Help with Medicare prescription drug plan costs;
- Apply for retirement, disability, and Medicare benefits;
- Get the address of your local Social Security office;
- Find copies of our publications; and
- Get answers to frequently asked questions.

### Call us

Call us toll-free at **1-800-772-1213** or at our TTY number, **1-800-325-0778**, if you're deaf or hard of hearing.

We provide general information by automated phone service 24 hours a day. You can also use this automated response system to tell us a new address or request a replacement Medicare card. We can answer your case-specific questions from 7 a.m. to 7 p.m., Monday through Friday. You'll generally have a shorter wait time if you call after Tuesday.

We treat all calls confidentially, and a second Social Security representative monitors some telephone calls, because we want to make sure you receive accurate and courteous service.

## 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 don't pay a higher premium.

### How does this affect me?

If you have higher income, you'll 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're a higher-income beneficiary, you'll pay a larger percentage of the total cost of Part B based on the income you report to the Internal Revenue Service (IRS). You'll 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're a higher-income beneficiary with Medicare prescription drug coverage, you'll 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 a base premium. We tie the additional amount you pay to the base beneficiary premium, not your own premium amount. If you're a higher-income beneficiary, we deduct this amount from your monthly Social Security payments regardless of how you usually pay your monthly prescription plan premiums. If the amount is greater than your monthly payment from Social Security, or you don't get monthly payments, you'll 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'll pay higher premiums, Social Security uses the most recent federal tax return the IRS provides to us. If you must pay higher premiums, we use a sliding scale to make the adjustments, based on your modified adjusted gross income (MAGI). Your MAGI is your total 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'll 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'll 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'll 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'll pay higher premiums for each. If you have only one — Medicare Part B or Medicare prescription drug coverage — you'll 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'll apply an adjustment automatically to the other program when you enroll. In this case, we won't send you another letter explaining how we made this determination.

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

## Which tax return does Social Security use?

To determine your 2016 income-related monthly adjustment amounts, we use your most recent federal tax return the IRS provides to us. Generally, this information is from a tax return filed in 2015 for tax year 2014. Sometimes, the IRS only provides information from a return filed in 2014 for tax year 2013. If we use the 2013 tax year data, and you filed a return for tax year 2014 or did not need to file a tax return for tax year 2014, call us or visit any local Social Security office. We'll 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'll 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 that 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 because of 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 2016

The standard Part B premium for 2016 is \$121.80. If you're 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	2016 standard premium = \$121.80	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 + \$48.70	Your plan premium + \$12.70
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 + \$121.80	Your plan premium + \$32.80
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 + \$194.90	Your plan premium + \$52.80
Individuals with a MAGI above \$214,000  Married couples with a MAGI above \$428,000	Standard premium + \$268.00	Your plan premium + \$72.90



If you're 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:

<b>Modified Adjusted Gross Income (MAGI)</b>	<b>Part B monthly premium amount</b>	<b>Prescription drug coverage monthly premium amount</b>
Individuals with a MAGI of \$85,000 or less	2016 standard premium = \$121.80	Your plan premium
Individuals with a MAGI above \$85,000 up to \$129,000	Standard premium + \$194.90	Your plan premium + \$52.80
Individuals with a MAGI above \$129,000	Standard premium + \$268.00	Your plan premium + \$72.90

## What if I disagree?

If you disagree with the decision about 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](http://www.socialsecurity.gov/online) or request a copy through our toll-free number at **1-800-772-1213** (TTY **1-800-325-0778**). You don't need to file an appeal if you're 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've shown us the information we used is wrong.

If you disagree with the MAGI amount we received from the IRS, you must correct the information with the IRS. If we determine you must pay a higher amount for Medicare prescription drug coverage, and you don't have this coverage, you must 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?

For 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](http://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, find more information about what Medicare covers, or request a copy of the *Medicare & You* handbook, please visit [www.medicare.gov](http://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](http://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 copayments — 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](http://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'll begin receiving benefits.

[www.socialsecurity.gov](http://www.socialsecurity.gov)



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