



## Update to Medicare Deductible, Coinsurance and Premium Rates for Calendar Year (CY) 2021

MLN Matters Number: MM12024

Related Change Request (CR) Number: 12024

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Related CR Transmittal Number: R10469GI Implementation Date: January 4, 2021

### PROVIDER TYPES AFFECTED

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This MLN Matters Article is for physicians, providers, and suppliers submitting claims to Medicare Administrative Contractors (MACs), including Home Health and Hospice (HH&H) MACs and Durable Medical Equipment (DME) MACs for services provided to Medicare beneficiaries.

### WHAT YOU NEED TO KNOW

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This article informs you of the new Calendar Year (CY) 2021 Medicare premium, coinsurance, and deductible rates.

### BACKGROUND

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Beneficiaries who use covered Part A services may be subject to deductible and coinsurance (percent of costs that the enrollee must pay) requirements. A beneficiary is responsible for an inpatient hospital deductible amount which is deducted from the amount payable by the Medicare program to the hospital for inpatient hospital services provided in a spell of illness.

When a beneficiary receives such services for more than 60 days during a spell of illness, he or she is responsible for a coinsurance amount equal to one-fourth of the inpatient hospital deductible per day for the 61<sup>st</sup> through 90<sup>th</sup> day spent in the hospital. A beneficiary has 60 lifetime reserve days of coverage, which they may elect to use after the 90<sup>th</sup> day in a spell of illness. The coinsurance amount for these days is equal to one-half of the inpatient hospital deductible. A beneficiary is responsible for a coinsurance amount equal to one-eighth of the inpatient hospital deductible per day for the 21<sup>st</sup> through the 100<sup>th</sup> day of Skilled Nursing Facility (SNF) services provided during a spell of illness.

Most individuals age 65 and older, and many disabled individuals under age 65, are insured for Health Insurance (HI) benefits without a premium payment. The Social Security Act provides

that certain aged and disabled persons who are not insured may voluntarily enroll but are subject to the payment of a monthly premium. Since 1994, voluntary enrollees may qualify for a reduced premium if they have 30 to 39 quarters of covered employment. When voluntary enrollment takes place more than 12 months after a person's initial enrollment period, a 10% penalty is assessed for 2 years for every year they could have enrolled and failed to enroll in Part A.

Under Part B of the Supplementary Medical Insurance (SMI) program, all enrollees are subject to a monthly premium. Most SMI services are subject to an annual deductible and coinsurance, which are set by statute. When Part B enrollment takes place more than 12 months after a person's initial enrollment period, there is a permanent 10% increase in the premium for each year the beneficiary could have enrolled and failed to enroll.

#### **Policy: 2021 Part A – Hospital Insurance**

- **Part A Deductible**
  - \$1,484.00
- **Part A Coinsurance**
  - \$371.00 a day for days 61 through 90
  - \$742.00 a day for days 91 through 150 (lifetime reserve days)
  - \$185.50 a day for days 21 through 100 (Skilled nursing facility coinsurance)
- **Part A Base Premium (BP)**
  - \$471.00 a month
- **Part A BP with 10% surcharge**
  - \$518.10 a month
- **Part A BP with 45% reduction**
  - \$259.00 a month (for those who have 30 to 39 quarters of coverage)
- **Part A BP with 45% reduction and 10% surcharge**
  - \$284.90 a month

#### **2021 Part B – Supplementary Medical Insurance (SMI)**

- **Part B Standard Premium**
  - \$148.50 a month
- **Part B Deductible**
  - \$203.00 a year
- **Pro Rata Data Amount**
  - \$145.31 for the 1<sup>st</sup> month
  - \$57.69 for the 2<sup>nd</sup> month
- **Coinsurance**
  - 20%

## ADDITIONAL INFORMATION

The official instruction, CR 12024, issued to your MAC regarding this change is available at <https://www.cms.gov/files/document/r10469qi.pdf>. See Attachment A of CR 12024 for Income Parameters for Determining Part B Premium.

If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

## DOCUMENT HISTORY

Date of Change	Description
November 20, 2020	Initial article released.

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