

# **K & L Out-of-Pocket Limits Announcements**

## **October 2020 Announcement**

### **Out-of-Pocket Limits for Medigap Plans K & L for Calendar Year 2021**

#### **Summary:**

The 2021 out-of-pocket (OOP) limits for Medigap plans K & L are \$6,220 and \$3,110, respectively. These increases in the limits are based on estimates of the United States Per Capita Costs (USPCC) of the Medicare program developed by the Centers for Medicare & Medicaid Services (CMS).

#### **Calculation of the OOP Annual Limits:**

The annual OOP limits are determined in accordance with section 1882(w)(2) of the Social Security Act. That provision prescribed an OOP limit for 2006 of \$4,000 for Plan K and \$2,000 for Plan L, and directed that these amounts increase each subsequent year by an appropriate inflation adjustment specified by the Secretary of the United States Department of Health & Human Services. For 2021 the calculation of the OOP limits is based on estimates of the United States Per Capita Costs (USPCC) of the Medicare program developed by CMS as published with the announcement of Calendar Year (CY) 2020 and CY 2021 Medicare Advantage (MA) payment rates.

The inflation adjustment for 2021 is calculated by applying the percentage increase from 2020 to 2021 of the current estimates of the Total USPCC – non-ESRD for Medicare Part A and Part B to the 2020 OOP limits. An adjustment is made to account for corrections to prior years' estimates.

For further information, contact: Martha Wagley at (410) 786-3778 for actuarial issues or Derrick Claggett at (410) 786-2113 for policy issues.

If you need help regarding enrollment in a Medigap plan please contact your local State Health Insurance Assistance Program (SHIP). Find your local SHIP on Medicare.gov at <https://www.medicare.gov/Contacts/#resources/ships>. You can find Medigap plans available in your area on Medicare.gov at <https://www.medicare.gov/supplement-other-insurance/index.html>.

#### **Background:**

For further background on Medigap plans K and L, refer to the 2007 Calendar Year Announcement posted in September 2006, posted on the CMS website at: <http://www.cms.gov/Medigap/Downloads/KLOOPLimits2007.pdf>.