

August 2009

## ANNOUNCEMENT

### Out-of-Pocket Limits for Medigap Plans K & L for Calendar Year 2010

**SUMMARY:** The 2010 out-of-pocket (OOP) limits for Medigap plans K & L are \$4,620 and \$2,310, respectively. The 2010 limits are the same as the 2009 limits which are based on estimates of the United States Per Capita Costs (USPCC) of the Medicare program published by the Centers for Medicare & Medicaid Services (CMS). The OOP limits for Medigap plans K and L are updated each year after the announcement of Medicare Advantage payment rates, which includes revised estimates of the USPCC.

**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 2010, the calculation of the OOP limits are based on estimates of the United States Per Capita Costs (USPCC) of the Medicare program published by CMS. The 2010 OOP limits are calculated by applying the percent increase from 2009 to 2010 of this year's current estimates of the USPCC for Medicare Part A and Part B, aged and disabled, to the 2009 OOP limits. An adjustment is made to account for corrections to prior Years' estimates. The resulting values are rounded to the nearest multiple of \$20 for Plan K and the nearest multiple of \$10 for Plan L, which results in the 2010 OOP limits remaining at \$4,620 for Plan K and \$2,310 for Plan L.

**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.hhs.gov/Medigap/Downloads/KLOOPLimits2007.pdf>.

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