CMS Manual System

Department of Health & Human Services (DHHS)

Pub 100-01 Medicare General Information, Eligibility, and Entitlement

Centers for Medicare & Medicaid Services (CMS)

Transmittal 31

Date: NOVEMBER 4, 2005

Change Request 4132

SUBJECT: Update to Medicare Deductible, Coinsurance and Premium Rates for 2006

I. SUMMARY OF CHANGES: This Change Request updates CMS standard systems with the new 2006 Medicare deductible, coinsurance and premium rates.

NEW/REVISED MATERIAL

EFFECTIVE DATE: *January 01, 2006

IMPLEMENTATION DATE: January 03, 2006

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R = REVISED, N = NEW, D = DELETED – *Only One Per Row.*

R/N/D	Chapter / Section / SubSection / Title
R	3/10.3/Basis for Determining the Part A Coinsurance Amounts
R	3/20.2/Part B Annual Deductible

III. FUNDING:

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.

IV. ATTACHMENTS:

Recurring Update Notification
Manual Instruction
**Unless otherwise specified, the effective date is the date of service.*

Attachment – Recurring Update Notification

Pub. 100-01	Transmittal: 31	Date: November 4, 2005	Change Request 4132

SUBJECT: Update to Medicare Deductible, Coinsurance and Premium Rates for 2006

I. GENERAL INFORMATION

A. Background: Beneficiaries who use covered Part A services may be subject to deductible and coinsurance 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 furnished 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 61st-90th day spent in the hospital. An individual has 60 lifetime reserve days of coverage, which they may elect to use after the 90th 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 21st through the 100th day of skilled nursing facility services furnished 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 30-39 quarters of covered employment. When voluntary enrollment takes place more than 12 months after a person's initial enrollment period, a 10 percent penalty is assessed for 2 years for every year they could have enrolled and failed to enroll in Part A.

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

B. Policy: All contractors, shared system maintainers, and common working file maintainers should make all necessary changes to update these amounts.

2006 Medicare Part A Deductible, Coinsurance, & Premium Amounts:

Deductible $952.00 per benefit period

Coinsurance $238.00 a day for days 61-90 in each period

$476.00 a day for days 91-150 for each "Lifetime Reserve" day used

$119.00 a day in a Skilled Nursing Facility for days 21-100 in each benefit period

Premium $393.00 per month for those who must pay a premium

$432.30 per month for those who must pay both a premium and a 10 percent increase

$216.00 per month for those who have 30-39 quarters of coverage

$ 237.60 per month for those who have 30-39 quarters of coverage and must pay a 10 percent increase

2006 Medicare Part B Deductible, Coinsurance, & Premium Amounts:

Deductible $124.00 per year

Coinsurance 20 percent

Premium $88.50 per month

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement
"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
4132.1	Contractors shall update the 2006 Medicare Part A inpatient deductible rate to $952.00 per benefit period.	X	X			X			X	
4132.1.1	The CMS shall update the hospital inpatient limit to $952.00 in the Outpatient Prospective Payment System (OPPS) Pricer. (This is used as a threshold amount for which the national coinsurance may not exceed).									OPPS Pricer
4132.2	Contractors shall update the 2006 Medicare Part A coinsurance rate to $238.00 a day for days 61-90 in each period.	X	X			X			X	

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
4132.3	Contractors shall update the 2006 Medicare Part A coinsurance rate to $476.00 a day for days 91-150 for each "Lifetime Reserve" day used.	X	X			X			X	
4132.4	Contractors shall update the 2006 Medicare Part A coinsurance to $119.00 per day in a Skilled Nursing Facility for days 21-100 in each benefit period.	X	X			X			X	
4132.5	Contractors shall update the 2006 Medicare Part B deductible to $124.00 per year.	X	X	X	X	X	X	X	X	
4132.6	Medicare contractors shall update the 2006 Medicare Part A premium to $393.00 per month for beneficiaries who must pay a premium.	X	X							
4132.7	Medicare contractors shall update the 2006 Medicare Part A premium to $432.30 per month for beneficiaries who must pay a premium plus a 10 percent increase.	X	X							
4132.8	Medicare contractors shall update the 2006 Medicare Part A premium to $216.00 per month for beneficiaries who have 30-39 quarters of coverage.	X	X							
4132.9	Medicare contractors shall update the 2006 Medicare Part A premium to $237.60 per month for beneficiaries who have 30-39 quarters of coverage plus a 10 percent increase.	X	X							
4132.10	Contractors shall update their Interactive Voice Response scripts with information provided in requirements 4132.1 to 4132.9 (as applicable).	X	X	X	X					

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
4132.11	A provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X	X	X	X					

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

Effective Date*: January 1, 2006 **Implementation Date:** January 3, 2006 **Pre-Implementation Contact(s):** Joe Bryson at 410-786-2986 or joseph.bryson@cms.hhs.gov **Post-Implementation Contact(s):** Regional Office	**No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.**

***Unless otherwise specified, the effective date is the date of service.**

10.3 - Basis for Determining the Part A Coinsurance Amounts

(Rev. 31, Issued: 11-04-05; Effective Date: 01-01-06; Implementation Date: 01-03-06)

The applicable inpatient deductible is the one in effect during the calendar year in which the patient's benefit period begins (i.e., in most cases, the year in which the first inpatient hospital services are furnished in the benefit period). Except for 1989, the coinsurance amount is based on the deductible applicable for the calendar year in which the coinsurance days occur.

When Deductible and/or Coinsurance Are Applicable for Part A

Inpatient Hospital- First 60 Days	Deductible applicable equal to national average cost per day
Inpatient Hospital- 61st thru 90th Day	Coinsurance per day always equal to 1/4 of inpatient hospital deductible
Inpatient Hospital- 60 Lifetime Reserve Days (nonrenewable) - 91st thru 150th day	Coinsurance always equal to 1/2 of inpatient hospital deductible
Skilled Nursing Facility 21st thru 100th Day	Coinsurance always equal to 1/8 of inpatient hospital deductible
Home Health Agency	No Deductible No Coinsurance (except for 20 percent coinsurance for DME and prosthetics/ orthotics)
Blood	1st 3 pints (or equivalent units of packed red blood cells) in a calendar year - combined Part A and B
Hospice * a. Drugs and Biologicals b. Respite Care	a. 5 percent of the cost determined by the drug copayment schedule (may not exceed $5 per prescription) b. 5 percent of the payment for a respite care day

*Hospices may charge coinsurance for two services only, drugs and biologicals, and respite care. The amount of coinsurance for each prescription may not exceed $5.00. The amount for respite care may not exceed the inpatient deductible for the year in which the hospital coinsurance period began.

Deductible and Coinsurance Amounts

Year	Inpatient Hospital Deductible, 1st 60 Days	Inpatient Hospital Coinsurance, 61st-90th Days	60 Lifetime Reserve Days Coinsurance	SNF Coinsurance
1986	$492	123	246	61.50
1987	520	130	260	65.00
1988	540	135	270	67.50
1989	560	0 (1)	0 (1)	0(2)
1990	592	148	296	74.00
1991	628	157	314	78.50
1992	652	163	326	81.50
1993	676	169	338	84.50
1994	696	174	348	87.00
1995	716	179	358	89.50
1996	736	184	368	92.00
1997	760	190	380	92.00
1998	764	191	382	95.50
1999	768	192	384	96.00
2000	776	194	388	97.00
2001	792	198	396	99.00
2002	812	203	406	101.50
2003	840	210	420	105
2004	876	219	438	109.50
2005	912	228	456	114
2006	*952*	*238*	*476*	*119*

1. Coinsurance was not charged for inpatient hospital care in CY 1989 due to Catastrophic Coverage. The deductible was applied.

2. Under Catastrophic Coverage, a coinsurance payment of $25.50 was due for days 1-8 of SNF care. No SNF coinsurance was due after day 8 in 1989.

20.2 - Part B Annual Deductible

(Rev. 31, Issued: 11-04-05; Effective Date: 01-01-06; Implementation Date: 01-03-06)

In each calendar year, a cash deductible must be satisfied before payment can be made under SMI. (See 20.4 of this chapter for exceptions.)

- *For 2006, and until further notice, the deductible is $124.*
- For 2005, the deductible is $110.
- From 1991 through 2004, the deductible is $100.
- From 1982 through 1990, the deductible was $75.
- From 1973 through 1981, the deductible was $60.
- From 1966 through 1972, the deductible was $50.

Expenses count toward the deductible on the basis of incurred, rather than paid expenses, and are based on Medicare allowed amounts. Non-covered expenses do not count toward the deductible. Even though an individual is not entitled to Part B benefits for the entire calendar year (i.e., insurance coverage begins after the first month of a year or the individual dies before the last month of the year), he or she is still subject to the full deductible for that year. Medical expenses incurred in the portion of the year preceding entitlement to medical insurance are not credited toward the deductible.

The date of service generally determines when expenses were incurred, but expenses are allocated to the deductible in the order in which the bills are received. Services not subject to the deductible cannot be used to satisfy the deductible.