

# How Your Income May Affect Your Medicare Costs

The federal Medicare program has costs that come with it. There may be premiums, copayments, coinsurance, and deductibles associated with Medicare Part A, Part B, and the optional Part D (prescription drug coverage). If your income is below certain limits, you might qualify for programs that reduce your Medicare costs. On the other hand, if your income is higher than a certain level, you might have to pay a higher Medicare Part B premium and a higher Medicare Part D premium (if you have a Part D Prescription Drug Plan or Medicare Advantage Prescription Drug plan).

Medicare Part A (<http://www.medicareconsumerguide.com/medicare-part-a>) (hospital insurance) and Medicare Part B (<http://www.medicareconsumerguide.com/medicare-part-b>) (medical insurance) make up Original Medicare. If you're automatically enrolled in Medicare, as many Americans are when they turn 65, Original Medicare is the type of insurance you get. You can add to this insurance by enrolling in prescription drug coverage through Medicare Part D and/or buying a Medicare Supplement (<http://www.medicareconsumerguide.com/medicare-supplement>) (Medigap) plan to help with Original Medicare costs; or you can get your Medicare coverage through a Medicare Advantage (Medicare Part C (<http://www.medicareconsumerguide.com/medicare-part-c>)) plan.

## Medicare Part A premium

Most beneficiaries qualify for premium-free Medicare Part A. This insurance isn't income-based; rather, the premium depends on how many years you worked and paid Medicare taxes. Here's a breakdown of the Part A monthly premium in 2016 (<http://www.medicareconsumerguide.com/medicare-premiums-and-deductibles-2015>). If you've worked while paying Medicare taxes:

- For at least 10 years (40 quarters) while paying Medicare taxes, you don't pay a premium
- For 30 to 39 quarters, you pay \$226
- For less than 30 quarters, you pay \$411

## Medicare Part B premium

Beneficiaries typically pay a monthly Medicare Part B premium, although if you have a low income, you may qualify for help paying it. This premium amount may vary, depending on your situation. Here are a few different scenarios:

- If you enrolled in Part B before 2016, your premium will generally be \$104.90 per month.
- You'll generally pay \$121.80 for your monthly premium if any of the following situations applies to you:
  - You enroll in Part B for the first time in 2016.
  - You aren't receiving Social Security benefits yet.\*
  - You are billed directly for your Part B premium.
  - You have both Medicare and Medicaid coverage (<http://www.medicareconsumerguide.com/medicare-vs-medicaid>) (you're dual eligible), and Medicaid pays for your premiums.

\*If you worked for a railroad, contact the Railroad Retirement Board (RRB) to learn more about your Part B premium costs. You can contact the RRB at 1-877-772-5772, Monday through Friday, from 9AM to 3:30PM, to speak to an RRB representative. TTY users call 1-312-751-4701.

In some situations, your Part B premium may be higher than the above amounts. The government looks at your income as reported on your tax return from two years ago to set your Medicare Part B premium. This table refers to your 2014 income and your 2016 Medicare Part B monthly premium.

Your income if you filed an individual tax return	Your income if married and you filed a joint tax return	Your income if married and you filed a separate tax return	Your Medicare Part B premium
\$85,000 or less	\$170,000 or less	\$85,000 or less	\$121.80
More than \$85,000 and up to \$107,000	More than \$170,000 and up to \$214,000	Not applicable	\$170.50
More than \$107,000 and up to \$160,000	More than \$214,000 and up to \$320,000	Not applicable	\$243.60
More than \$160,000 and up to \$214,000	More than \$320,000 and up to \$428,000	More than \$85,000 and up to \$129,000	\$316.70
More than \$214,000	More than \$428,000	More than \$129,000	\$389.80

Your Medicare Part B premium payment is typically deducted from your monthly Social Security benefit. If you have to pay an income-related monthly adjustment amount, you'll get a notice from Social Security.

In addition to your monthly premium for Part B, you also pay an annual deductible of \$166 in 2016.

## Medicare Part D premium

Medicare Part D (<http://www.medicareconsumerguide.com/medicare-part-d>) is optional prescription drug coverage, available as a stand-alone Medicare Prescription Drug Plan that you enroll into to augment your Original Medicare coverage or through a Medicare Advantage Prescription Drug plan.

Although Medicare Part D is offered by private Medicare-contracted insurance companies, the government still sets an income-related monthly adjustment amount. Here's a breakdown of the Medicare Part D payment adjustments (in 2016, based on your income in 2014). Please note that you typically pay your Part D premium regardless of income level; the amount in the far right column is the income adjustment payment.

Your income if you filed an individual tax return	Your income if married and you filed a joint tax return	Your income if married and you filed a separate tax return	You pay your Medicare Part D premium, plus this amount
\$85,000 or less	\$170,000 or less	\$85,000 or less	\$0
More than \$85,000 and up to \$107,000	More than \$170,000 and up to \$214,000	Not applicable	\$12.70
More than \$107,000 and up to \$160,000	More than \$214,000 and up to \$320,000	Not applicable	\$32.80
More than \$160,000 and up to \$214,000	More than \$320,000 and up to \$428,000	More than \$85,000 and up to \$129,000	\$52.80
More than \$214,000	More than \$428,000	More than \$129,000	\$72.90

Your Medicare Part D income adjustment payment is typically deducted from your monthly Social Security benefit; it isn't added to the premium bill you get from the Part D Prescription Drug Plan. If you have to make an adjustment payment, you'll get a notice from Social Security.

If you're charged the income adjustment payment outlined above for Medicare Part B (and Part D, if applicable) but your income has dropped, you can contact the Social Security information and apply to reduce your adjustment amount (<http://www.socialsecurity.gov/forms/ssa-44.pdf>).

## Help with Medicare Part A and Part B costs

Please note that the income and resource limits listed here are for 2016.

If you're disabled or have a low income, you might qualify for a Medicare Savings Program (MSP) through Medicaid. Besides helping with your Medicare Part A and/or Part B premiums, some MSPs might help with other Medicare Part A and Part B costs, such as coinsurance. There are four types of MSPs, each with different eligibility criteria:

- A **Qualified Disabled and Working Individuals (QDWI)** policy helps pay your Medicare Part A premium (if you pay this premium). You may be eligible if you are a working disabled individual under 65; if you lost your premium-free Part A when you returned to work; if you aren't getting state medical assistance; and/or if you meet the income and resource requirements set by your state. To qualify, your monthly income cannot be higher than \$4,045 for an individual or \$5,425 for a married couple. Your resource limits are \$4,000 for one person and \$6,000 for a married couple.
- A **Qualified Medicare Beneficiary (QMB)** policy helps pay your Medicare Part A and Part B premiums, along with other costs such as copayments, coinsurance, and deductibles. To qualify, your monthly income cannot be higher than \$1,010 for an individual or \$1,355 for a married couple. Your resource limits are \$7,280 for one person and \$10,930 for a married couple.
- A **Qualifying Individual (QI)** policy helps pay your Medicare Part B premium. To qualify, your monthly income cannot be higher than \$1,357 for an individual or \$1,823 for a married couple. Your resource limits are \$7,280 for one person and \$10,930 for a married couple.
- A **Specified Low-Income Medicare Beneficiary (SLMB)** policy helps pay your Medicare Part B premium. To qualify, your monthly income cannot be higher than \$1,208 for an individual or \$1,622 for a married couple. Your resource limits are \$7,280 for one person and \$10,930 for a married couple.

"Resources" include, but aren't limited to, money you have in the bank, stocks, and bonds; they don't include certain possessions, such as your home. To find out if you qualify for a Medicare Savings Program, contact your state Medicaid office (<http://www.benefits.gov/benefits/browse-by-category/category/MED>).

## Help with Medicare Part D costs

If you have a low income, you might qualify for help paying your Medicare Part D (prescription drug coverage) costs through Medicare's Extra Help program. If you qualify, you'll generally pay a maximum of \$2.95 per generic drug prescription and \$7.40 per brand-name drug prescription. These are 2016 amounts, and they apply only to medications that your Medicare Prescription Drug Plan covers.

If you qualify for certain Medicare Savings Plans described above (specifically, QMB, SLMB, or QI), you're automatically eligible for Extra Help.

## More resources for low-income or disabled beneficiaries

If you're disabled or have a low income, you might qualify for financial help through Medicaid, an assistance program run jointly through the federal government and individual states. You might qualify for other financial assistance programs.

Some Medicare policies that are offered by Medicare-approved private insurance companies may save you money, depending on your situation. If you have questions about Medicare plan options, you can contact eHealth to speak with a licensed insurance agent and learn more about your coverage options.

To learn about Medicare plans you may be eligible for, you can:

- Contact the Medicare plan directly.

- Call 1-800-MEDICARE (1-800-633-4227), TTY users 1-877-486-2048; 24 hours a day, 7 days a week.
- Contact a licensed insurance agency such as Medicare Consumer Guide's parent company, eHealth.
  - Call eHealth's licensed insurance agents at 888-391-2659, TTY users 711. We are available Mon - Fri, 8am - 8pm ET. You may receive a messaging service on weekends and holidays from February 15 through September 30. Please leave a message and your call will be returned the next business day.
  - Or enter your zip code where requested on this page to see quote.