



A Summary of Medicare Changes in 2018

Presented by Nancy J. LaPointe

Changes to Medicare mean that most beneficiaries will pay more for their benefits in 2018.

Medicare Part A’s deductible and coinsurance amounts will increase slightly. Although Part B premiums will stay the same, individuals in the first modified adjusted gross income (MAGI) tier (see chart below) may see a small increase due to the social security cost-of-living adjustment (COLA). Meanwhile, individuals in the third, fourth, and fifth MAGI tiers will see Part B and Part D premiums increase due to changes in MAGI thresholds for the income-related monthly adjustment amount (IRMAA).

The following chart outlines the five MAGI tiers for 2018; they are based on 2016 income.

MAGI Reported on 2016 Income Tax Return			IRMAA	2018 monthly Part B premium
File individual tax return	File joint tax return	File married and separate tax return		
\$85,000 or less	\$170,000 or less	\$85,000 or less	\$0.00	\$134.00
\$85,001–\$107,000	\$170,001–\$214,000	N/A	\$53.50	\$187.50
\$107,001–\$133,500	\$214,001–\$267,000	N/A	\$133.90	\$267.90
\$133,501–\$160,000	\$267,001–\$320,000	N/A	\$214.30	\$348.30
Above \$160,000	Above \$320,000	Above \$85,000	\$294.60	\$428.60

A few reminders about Medicare

Before we review the 2018 changes, there are certain details to remember about Medicare Part A, Part B, and Part D:

- Part A deductibles and coinsurance amounts are not based on MAGI.
- Part B and Part D premiums *are* based on MAGI and income tax-filing status. MAGI is adjusted gross income plus tax-exempt interest income.
- MAGI reported on the most recently filed income tax return (i.e., 2016) determines whether the IRMAA will be applied.
- The IRMAA for Part D (not shown above) applies to stand-alone prescription drug plans and those included in a Medicare Part C plan.
- The Social Security Administration will advise beneficiaries on whether the IRMAA will increase their premiums. If you are subject to the IRMAA and your income has decreased since 2016, you may file [Form SSA-44](#) to potentially lower your adjustment. Get more information about [filing an IRMAA appeal](#).

Medicare Part A: Small increases in deductibles and coinsurance charges

- The hospital deductible will increase \$24 to \$1,316.
- Coinsurance for days 61–90 will increase \$6 to \$335 per benefit period.
- Coinsurance for lifetime reserve days will increase \$12 to \$670 per day.
- Part A will continue to cover all charges for the first 20 days of skilled nursing care. Coinsurance charges for days 21–100 will increase \$3 to \$167.50.

Medicare Part B: Increase in premiums due to COLA

In November 2017, the Social Security Administration announced a 2-percent COLA, the largest in several years. There was no COLA in 2015 and only a 0.3-percent COLA in 2016.

- Because the COLA in the past few years has been so low, individuals and married couples in the first MAGI tier who have their Part B premium deducted from their monthly social security benefit have been paying approximately \$109 per month, instead of \$134. This is due to the “hold harmless” provision, which requires any increases in an individual’s Part B premium to be less than increases in that individual’s social security benefits.
- In 2018, the Part B premium will remain \$134 for individuals and married couples in the first MAGI tier. The 2-percent COLA, however, may be sufficient to cover the full \$134 premium without decreasing an individual’s monthly social security benefit. This would nullify the hold harmless provision and increase the Part B premium for beneficiaries in the lowest MAGI tier to \$134 from \$109.

Please note: The hold harmless provision does not apply to individuals who start their social security benefits in 2018, who are billed directly for their Part B premium, or who are subject to the IRMAA.

Medicare Part B: IRMAA applied at lower income thresholds

The Part B premium for individuals in the \$85,001–\$107,000 MAGI tier and married filing jointly couples in the \$170,001–\$214,000 MAGI tier will remain \$187.50.

Individuals with MAGI above \$107,000 and married filing jointly couples with MAGI above \$214,000 should prepare for IRMAA to apply at lower MAGI thresholds. The Medicare Access and CHIP Reauthorization Act of 2015 established these thresholds:

MAGI Reported on 2015 Income Tax Return (for 2017)		MAGI Reported on 2016 Income Tax Return (for 2018)		2018 monthly Part B premium
File individual tax return	File joint tax return	File individual tax return	File joint tax return	
\$107,001– \$160,000	\$214,001– \$320,000	\$107,001– \$133,500	\$214,001– \$267,000	\$267.90
\$160,001– \$214,000	\$320,001– \$428,000	\$133,501– \$160,000	\$267,001– \$320,000	\$348.30
Above \$214,000	Above \$428,000	Above \$160,000	Above \$320,000	\$428.60

Medicare Part D: Lower IRMAA thresholds to affect premiums

The 2018 Medicare Part D base premium will decrease \$0.61 to \$35.02. The IRMAA does not apply to individuals with MAGI at or below \$85,000 and married filing jointly couples with MAGI at or below \$170,000. The IRMAA will apply to all other MAGI tiers, so beneficiaries will pay this adjustment plus their plan premium each month:

MAGI Reported on 2016 Income Tax Return (for 2018)		Part D IRMAA
File individual tax return	File joint tax return	
\$85,001– \$107,000	\$170,001– \$214,000	\$13.00
\$107,001– \$133,500	\$214,001– \$267,000	\$33.60
\$133,501– \$160,000	\$267,001– \$320,000	\$54.20
Above \$160,000	Above \$320,000	\$74.80

Additional information on 2018 Medicare costs is available at Medicare.gov.

This material has been provided for general informational purposes only and does not constitute either tax or legal advice. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a tax preparer, professional tax advisor, or lawyer.

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