

## Medicare for 2015: 3 Key Facts You Should Know



Source: Centers for Medicare and Medicaid Services.

More than 55 million Americans will participate in Medicare in 2015, according to the latest figures from the Centers for Medicare & Medicaid Services, and more than 80% of those program participants receive Medicare benefits because of their age. With Medicare becoming available to most recipients at age 65, the program plays a vital role in helping retirees address one of the biggest sources of financial risk that older Americans face: the threat of a major illness or injury.

Each year, certain aspects of the various parts of Medicare change. Keeping up with those changes can be a challenge; so as a guide to help you pin down all the most important changes, you'll find in this article many of the key Medicare facts you need to know to keep your information up to date. Let's take a look at the three most important categories of issues affecting Medicare in 2015.

## 1. Premiums for various parts of the Medicare program will change in 2015

Each year, some of the amounts that people pay to get Medicare coverage change. Those costs fall into two general categories: premiums that some participants pay for various types of coverage, and the copayments and deductibles that participants are responsible for covering on their own.

On the premium front, 2015 looks to be an extremely favorable year, as most people won't see any increases in any of the major parts of Medicare. Most Medicare participants don't have to pay for Part A Hospital coverage, because those who've worked at least 40 quarters during their lifetimes are automatically eligible for Medicare at no charge. But for the roughly 1% of program participants who do have to pay something for Part A coverage, the 2015 premium will fall \$19, to \$407 per month. Those who've worked between 30 and 39 quarters qualify for a discounted monthly premium of \$224, which is \$10 less than it was in 2014.



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More importantly, Part B coverage for outpatient care will retain the same premium structure as in 2014. For most participants, covering incomes below \$85,000 for singles and \$170,000 for joint filers, monthly Part B premiums will remain at \$104.90. A rising premium scale goes up to \$335.70 per month for the highest-income taxpayers, but those amounts, too, are unchanged for 2015.

Part D prescription drug plan coverage premiums vary from year to year depending on which plan you choose, so you'll have to check with your particular plan. If your income is higher than the same \$85,000 or \$170,000 levels as for Part B, though, you'll pay surcharges of between \$12.30 and \$70.80 per month for Part D coverage -- representing about a 2% rise from 2014 levels.

## 2. Medicare plan deductibles and copayments are on the rise for 2015

Even though premiums have stayed largely in check, you'll be on the hook for more of your own healthcare costs under Medicare in 2015. For Part A, inpatient hospital deductibles will be \$1,260, up \$44 from 2014, and daily coinsurance amounts will rise \$11, to \$315. Lifetime-reserve day deductibles are up \$22, to \$630, and skilled-nursing facility daily copays climb \$7.50, to \$157.50.

Fortunately, Part B deductibles will stay the same at \$147. But for prescription drug coverage under Medicare Part D, maximum deductibles will climb \$10, and the out-of-pocket threshold for drug costs will jump \$150, to \$4,700. Initial coverage limits will go up \$110, to \$2,960.

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Source: Centers for Medicare and Medicaid Services.

All of this means that you could end up with more out-of-pocket costs as a result of your medical expenses. The greater the likelihood of having costs you need to cover on your own, the more you might want to consider a Medicare supplemental insurance policy to help you make those costs more manageable.

## 3. The Medicare coverage gap will keep closing in 2015

Under prescription drug coverage, most plans have a coverage gap, which is also known as the "donut hole." In 2015, once you pay \$2,960, the plan stops covering you, and coverage doesn't start up again until you reach the out-of-pocket maximum of \$4,700.

In the past, Medicare recipients had to cover those costs on their own. But recently, legislation lowered the cost for recipients in the coverage gap. In 2014, Medicare Part D participants had to pay only 47.5% of the plan cost for covered brand-name drugs, and 72% of the cost of generic drugs. In 2015, those percentages will fall slightly, to 45% for brand-name drugs, and 65% for generics. Those amounts are scheduled to fall all the

way to 25% by 2020, which will effectively close the coverage gap given current copayment requirements under current law.

Medicare can be a confusing program to understand, and changing aspects of the program from year to year always keep you on your toes. By knowing what to expect from Medicare in 2015, though, you can avoid any nasty surprises that could cost you money out of your own pocket.

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