

Medicare Changes for 2021 (prepared Nov. 9, 2020)

Part A

- As usual, no premium for Part A if you have a 40-quarter work history or you can get it through a family member
- If you have to pay for Part A, it will cost up to \$259 to \$471/month
- Hospital deductible \$1,484/benefit period
- Hospital coinsurance for days 61–90 \$371/day; for lifetime reserve days \$742/day
- Skilled nursing facility coinsurance for days 21–100 \$185.50/day

Part B

- Standard premium expected to rise to \$148.50/month

Note: "If a Social Security recipient's COLA isn't enough to cover the full premium increase for Part B, that person's premium can only increase by the amount of the COLA. That's because Part B premiums are withheld from SS checks, and net checks can't decline from one year to the next

<https://www.medicareresources.org/faqs/what-kind-of-medicare-benefit-changes-can-i-expect-this-year/>

- IRMAA surcharges: first bracket of the IRMAA surcharge will start with incomes over \$88,000 (single) and \$176,000 (joint) based on tax return from 2 years prior. Premiums will range from \$207.90/month to \$504.90/month, depending on the bracket. There are 5 brackets above the standard, the top one being \$500,000 and above (single) and \$750,000 and above (joint).
- Annual deductible \$203
- Preventive services still free

Part D

- maximum deductible \$445
- IRMAA surcharges: first bracket of the IRMAA surcharge starts with incomes \$88,000 (single) and \$176,000 (joint) based on tax return from 2 years prior. Premiums will range from \$12.03/month above your plan cost to \$77.70/month above plan cost, depending on the bracket. There are 5 brackets above the standard, the top one being \$500,000 and above (single) and 750,000 and above (joint).
- threshold for entering catastrophic phase (where out-of-pocket spending is much less) is \$6,550
- copays for people reaching catastrophic coverage will increase to \$3.70 for generics (or 5% retail, whichever higher) and \$9.20 for brand names
- insulin copays \$35/month
- estimated national average monthly premium projected to be \$41
- national base beneficiary premium \$33.06, the amount upon which 1%/month penalties are calculated
- see next page for donut hole and examples of costs in the various stages of Part D coverage (initial, coverage gap, catastrophic)

Medicare Advantage

- as usual, low copays and deductibles are part of benefit designs that fluctuate from year to year
- enrollment expected to increase (by about 2 million enrollees)
- available in 2021 for people with ESRD (previously only available if a Special Needs Plan were available in the person's area)
- maximum out-of-pocket limit increased to \$7,550 plus out-of-pocket costs for prescription drugs; most plans will probably keep the cap lower than the government maximum, as they've been doing for several years
- average premium nationwide continues to decline, expected to be \$21/month in 2021; if you only include Advantage plans with drug coverage, it's projected to be \$36/month

Donut hole explanation from: <https://www.medicareresources.org/faqs/what-kind-of-medicare-benefit-changes-can-i-expect-this-year/>

The Affordable Care Act has [closed the donut hole](#) in [Medicare Part D](#). As of 2020, there is no longer a “hole” for brand-name or generic drugs: Enrollees in standard Part D plans [pay 25 percent of the cost](#) (after meeting their deductible) until they reach the catastrophic coverage threshold. Prior to 2010, enrollees paid their deductible, then 25 percent of the costs until they reached the donut hole, *then they were responsible for 100 percent of the costs until they reached the catastrophic coverage threshold*.

That amount gradually declined over the last several years, and the donut hole [closed one year early](#) — in 2019, instead of 2020 — for brand-name drugs. [So enrollees in standard plans paid 25 percent of the cost of brand-name drugs from the time they met their deductible until they reached the catastrophic coverage threshold.] Enrollees also pay 25 percent of the cost of generic drugs while in the donut hole in 2020, down from 37 percent in 2019.

The donut hole is still relevant, however, in terms of how drug costs are counted towards reaching the catastrophic coverage threshold, and in terms of who covers the costs of the drugs (i.e., the drug manufacturer or the enrollee’s Part D plan). [Here’s more about how that all works](#).

More details and explanation here:

https://q1medicare.com/q1group/MedicareAdvantagePartD/Blog.php?blog=Medicare-Part-D-2021--CMS-releases-finalized-2021-Medicare-Part-D-standard-drug-plan-coverage-parameters&blog_id=817&category_id=18