

2017 Medicare Part B – HOLD HARMLESS Provision

(FOR INTERNAL USE ONLY)

By definition, a **Medicare hold harmless provision** is a legal statement prohibiting an increase to **Medicare B** premiums for the vast majority of American citizens. The **Medicare hold harmless provision** ensures that **Medicare B** premiums cannot rise more than the previous year's cost of living increase in Social Security benefits.

The [COLA](#) announcement made in October affecting 2017 checks was 0.3%, bringing the average Social Security check for retired workers next year to \$1,360, up from \$1,355 this year. In 2016, because prices were flat, there was no COLA.

How does the COLA affect Medicare Part B Premiums?

Those cost increases can be passed on to Social Security recipients only in years when they get enough of a COLA that their checks won't fall.

How could the “hold harmless” rule protect retirees from higher premiums?

The hold harmless rule applies to most, but not all, Social Security recipients. In order for you to be among those protected, or held harmless, you must have been enrolled in Part B before 2017 with premiums deducted from your Social Security check. If you're delaying Social Security benefits but are benefiting through Medicare Part B, the protection would not apply and you would be subject to the higher premiums.

Hold harmless also does not apply to those 5% of beneficiaries who fall into high income brackets. They will pay higher premiums based on a scale, depending on their modified adjusted gross income (MAGI) reported on their tax returns two years ago. For individuals who reported over \$85,000, the premium in 2017 will rise to \$187.50, up from \$170.50 this year (for married couples, income must exceed \$170,000). Those with even higher incomes will pay more, topping out at \$428.60 for those with incomes over \$214,000 (over \$428,000 for couples).

Essentially, the hold harmless rule does not protect those who are new to Social Security nor high-income people.

As the Social Security Administration previously announced, there is only 0.3% Social Security cost of living increase for 2017. As a result, by law, most people with Medicare Part B will be “held harmless” from any increase in premiums in 2017 and the premium varies from **\$104.90 - \$109.00**. **Beneficiaries not subject to the “hold harmless”**

provision will pay **\$134.00**, up from **\$121.80 in 2016**, as calculated reflecting the provisions of the Bipartisan Budget Act signed into law by President Obama last year. *Medicare Part B beneficiaries not subject to the “hold-harmless” provision are those not collecting Social Security benefits, those who will enroll in Part B for the first time in 2016, dual eligible beneficiaries who have their premiums paid by Medicaid, and beneficiaries who pay an additional income-related premium.* These groups account for about 30 percent of the 52 million Americans expected to be enrolled in Medicare Part B in 2017.

Since 2007, beneficiaries with higher incomes have paid higher Part B monthly premiums. These income-related monthly adjustment amount (IRMAA) affect fewer than 5 percent of people with Medicare. Under the Part B section of the Bipartisan Budget Act of 2015, high income beneficiaries will pay an additional amount.

The IRMAA, additional amounts, and total Part B premiums for higher income beneficiaries for 2017 are shown in the following table:

Beneficiaries who file an individual tax return with income:	Beneficiaries who file a joint tax return with income:	Income-related monthly adjustment (IRMAA) amount	Total monthly premium amount
Less than or equal to \$85,000	Less than or equal to \$170,000	\$0.00	\$134.00
Greater than \$85,000 and less than or equal to \$107,000	Greater than \$170,000 and less than or equal to \$214,000	48.70	187.50
Greater than \$107,000 and less than or equal to \$160,000	Greater than \$214,000 and less than or equal to \$320,000	121.80	267.90
Greater than \$160,000 and less than or equal to \$214,000	Greater than \$320,000 and less than or equal to \$428,000	194.90	348.30
Greater than \$214,000	Greater than \$428,000	268.00	428.60

Premiums for beneficiaries who are married and lived with their spouse at any time during the taxable year, but file a separate return, are as follows:

Beneficiaries who are married and lived with their spouse at any time during the year, but file a separate tax return from their spouse:	Income-related monthly adjustment (IRMAA) amount	Total monthly premium amount
Less than or equal to \$85,000	\$0.00	\$134.00
Greater than \$85,000 and less than or equal to \$129,000	194.90	348.30
Greater than \$129,000	268.00	428.60

