State of New Jersey
DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

CHRISTINE TODD WHITMAN
Governor

WILLIAM WALDMAN
Commissioner

VELVET G. MILLER
Director

MEDICAID COMMUNICATION NO. 94-21 **DATE:** December 20, 1994

TO: County Welfare Agency Directors
Institutional Services

SUBJECT: Medicare Part B Premium Increase - January 1995

As you are aware, effective with the January 1995 Social Security checks, the monthly premiums for Medicare Part B (SMI) coverage increased from $41.10 to $46.10. However, the Social Security Act provides that the new premium amount could be less than $46.10 for certain Social Security beneficiaries with already low entitlement.

The Social Security Act requires that no one suffer a reduction in net Social Security benefits due to the increase in the Part B (SMI) premium. If the cost of living increase in conjunction with the increase in the SMI premium results in the decrease in Social Security benefits, the SMI premium is reduced. The new premium or variable premium is equal to the amount of the Social Security increase plus the old premium amount of $41.10 (but not exceeding $46.10). This provision will affect only those beneficiaries paying a variable SMI premium prior to December 1994.

For new Medicaid Only institutional eligibles who may be paying a variable SMI premium, it is important in the completion of the Form PA-3L, Statement Of Available Income For Medicaid Payment, that the correct SMI premium amounts be reflected for two months before the State assumes responsibility for the buy-in premium. Verification of the actual amount of an individual's new SMI premium can be accomplished by submission to the Social Security Administration of the Third Party Query with the "H" field completed.

The county welfare agencies should also be aware that increases in Medicare Part A (HI) premiums affect deductions on the PA-3L form. The standard or base rate, which was $245.00 last year, will increase to $261.00 per month. Individuals and their spouses with 30 or more quarters paid into the Social Security system paid the reduced rate of $184.00 per month last year and will pay $183.00 per month effective January, 1995. Both the standard and reduced Part A premiums are subject to a 10 percent penalty for late filing. For those eligible premium payers in institutions, who also qualify as New Jersey Care (Qualified Medicare Beneficiaries), the State will assume responsibility for the Part A premium the month after the month eligibility is established. In principle, this buy-in process is similar to that which is utilized in reflecting the State's assumption of Part B premiums. While it is anticipated that the number of affected individuals is small, care

should be taken to accurately reflect these Part A deductions on the PA-3L form.

Questions concerning this communication should be referred to the field staff assigned to your county.

Sincerely,

Velvet G. Miller
Director

VGM:Jm

cc: Karen Highsmith, Acting Director
Division of Family Development

Patricia Balasco-Barr, Director
Division of Youth and Family Services