



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

ADMINISTRATIVE OFFICES  
QUAKERBRIDGE PLAZA—BUILDING 7 & 5  
QUAKERBRIDGE ROAD  
TRENTON, NEW JERSEY 08619

ADDRESS REPLY TO:  
CN-712  
TRENTON, NEW JERSEY 08625

MEDICAID COMMUNICATION NO. 87-5

TO: County Welfare Agency Directors      DATE: March 2, 1987

SUBJECT: Medicare Part B Premium Increase 1/87

Effective with the January 1987 Social Security benefit checks, the premiums for Medicare Part B (SMI) coverage increased from \$15.50 to \$17.90. However, recent amendments to the Social Security Act provide that the new premium amount will be less than \$17.90 for certain Social Security beneficiaries.

This year's cost-of-living increase in Social Security benefits was only 1.3%. The effect of this small benefit increase in conjunction with the \$2.40 increase in the SMI premium, would have resulted in a decrease in the net Social Security benefits to persons with already low entitlement. The amendments to the law require that no one suffer a reduction in net Social Security benefit due to the increase in the SMI premium. This provision affects persons whose pre-January 1987 Social Security benefit was \$185 or less. For the affected persons, the new SMI premium is equal to the amount of the Social Security increase plus the old premium amount of \$15.50 (not to exceed \$17.90).

The Social Security Administration has advised that the amount of the new SMI premium may be verified through the submission of a Third Party Query with the "H" field completed.

For the affected population, it is important in the completion of the Form PA-3L, Statement of Income Available for Long Term Facility Payment, that the reduced SMI premium amounts be reflected for the two months before the buy-in of the premium occurs.

Sincerely,

Thomas M. Russo, Director  
Division of Medical Assistance  
and Health Services

TMR:RHd

c: Odella T. Welch  
Deputy Commissioner

Audrey Harris, Director  
Division of Public Welfare

Thomas Blatner, Director  
DYFS Management Team