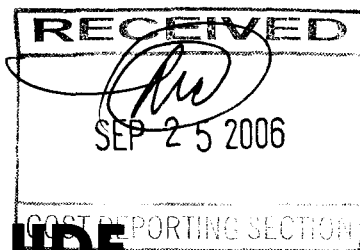


# MEDICARE AND MEDICAID GUIDE



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## Modest increases to premiums and deductibles for 2007

Although Medicare Part A and Part B premiums and deductibles will increase in 2007, the increases are modest in comparison to recent health care cost trends, according to CMS.

### Part A

For 2007, the Medicare Part A premium will be \$410, an increase of \$17 from 2006. However, 99 percent of Medicare beneficiaries are not required to pay the Part A premium because they have at least 40 quarters of Medicare-covered employment, according to CMS. The Medicare Part A deductible will be \$992 in 2007, an increase of \$40 from 2006.

### Part B

The Part B deductible will be \$131 in 2007, an increase of \$7 from 2006. The Medicare Part B premium will increase only \$5 to \$93.50 in 2007, the smallest percentage increase in the Part B premium since 2001. Moreover, one-fourth of beneficiaries can receive assistance that will pay for their entire Part B premium. The premium amount is dependent upon a scheduled 5 percent reduction in Medicare physician reimbursements in 2007. If the cut is reversed, as it has been for the past four years, the monthly premium will increase by \$1.50.

CMS Administrator Mark McClellan said the premium did not rise as much as expected, explaining that the agency had perceived an increase in claims as an increase in the use of services, when it was simply due to the fact that claims were getting filed and paid more quickly.

Increased hospital outpatient spending, projected to rise 11% in 2007, is a main reason for the need for the increase in the premium, said McClellan. Physician spending, projected to increase nearly 5% in 2007 also is a reason, he said.