

Out-of-pocket costs for Medicare recipients will rise in new year

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(HealthDay)—Seniors on Medicare are going to take a hit to the

pocketbook in 2020, with premiums and deductibles set to increase on coverage for medical services and prescription drugs.

The standard monthly premium for Medicare Part B will rise \$9.10, to \$144 a month, the U.S. Centers for Medicare and Medicaid Services (CMS) announced.

The annual deductible for Part B also will increase \$13 to \$198 per year, CMS said.

Both increases are relatively large compared to 2019, when the Part B premium rose \$1.50 a month and the deductible \$2 for the year.

"This year there's an unusual tick up in the Part B premium that could be a real concern for people living on a fixed income," said Tricia Neuman, director of the Henry J. Kaiser Family Foundation's Program on Medicare Policy.

The Part B premium increase will affect people enrolled in original Medicare as well as those who are covered under Medicare Advantage, said David Lipschutz, associate director of the Center for Medicare Advocacy.

"One thing I definitely wanted to make clear is that the increase in the Part B premium itself also applies to everyone on Medicare Advantage," he said. "People on Medicare Advantage have to continue to pay the part B premium."

Some, but not all, Medicare Advantage plans cover the Part B premium as part of their package, Lipschutz added.

The annual inpatient hospital deductible for Medicare Part A is also increasing to \$1,408 a year, up \$44. In 2019, the increase was \$24.

These cost increases will wipe out much of the 1.6% cost-of-living (COLA) increase for Social Security benefits in 2020, *CBS News* reported. The COLA amounts to about \$24 extra a month for the average retiree.

Medicare Part A covers inpatient hospital stays, nursing facility care and some home health care services. Part B covers doctor visits, outpatient hospital treatment, durable medical equipment, and certain home health care and [medical services](#) not covered by Part A.

Unless Congress acts, the prescription benefit in Medicare Part D also will start drawing a lot more money out of the pockets of seniors taking pricey drugs, the experts added.

The Affordable Care Act (ACA) included a provision that limited how much a senior with Part D would pay out-of-pocket after reaching a "catastrophic coverage" threshold, Neuman and Lipschutz said.

Once they reach that threshold, seniors pay 5% of their prescription costs. Until then, they pay 25% of the costs for brand-name drugs and 37% of generic drug costs.

But that ACA provision expires this year. When that happens, the catastrophic coverage threshold will jump \$1,250, the Kaiser Family Foundation estimates. People will have to pay \$6,350 out-of-pocket before reaching the threshold.

"There will be a jump up in the threshold, which means that people with high drug spending will have to pay more before they can get this extra help," Neuman said.

Both the Senate and the House of Representatives have bills in the works that could address this Part D increase, but it's hard to predict whether

Congress will be able to cooperate on a solution, Neuman and Lipschutz said.

"No matter what your allegiances are, everyone agrees something should be done about the high cost of [prescription drugs](#)," Lipschutz said.

It's not all bad news, however.

Folks with Medicare Advantage are expected to pay lower premiums, even with the increase in Part B, according to the CMS.

On average, Medicare Advantage premiums are expected be at their lowest in the past 13 years, and 23% lower than in 2018, the CMS said.

Medicare Advantage enrollees also will have more plans to choose from. The Kaiser Family Foundation estimates that the average beneficiary will have access to 28 plans, compared with a low of 18 in 2014.

Original Medicare is the traditional fee-for-service program offered by the federal government, while Medicare Advantage plans are an alternative provided through private insurance companies.

Medicare beneficiaries spent an estimated \$5,460 out-of-pocket for health care in 2016, according to the Kaiser Family Foundation. About 58% went to medical and long-term care services, with the remainder spent on premiums for Medicare and supplemental insurance.

More information: The Kaiser Family Foundation has more about [Medicare out-of-pocket spending](#).

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