State of New Jersey
DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES
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ALAN J. GIBBS
Commissioner

SAUL M. KILSTEIN
Director

MEDICAID COMMUNICATION NO. 92-4 **DATE:** January 7, 1992

TO: County Welfare Agency Directors

SUBJECT: Medicare Part B Premium Increase - January 1992

Effective with the January 1992 Social Security checks, the monthly premiums for Medicare Part B (SMI) coverage increased from $29.90 to $31.80. However, the Social Security Act provides that the new premium amount could be less than $31.80 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 (3.7 percent for January 1992) 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 $29.90 (but not exceeding $31.80). This provision will affect only those beneficiaries paying a variable SMI premium prior to December 1991.

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. Effective January 1992, the HI premiums will increase from $177.00 to $192.00 for those individuals who pay premiums. For those eligible premium payors 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 principal, 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,

for Saul M. Kilstein
Director

SMK:PJd

cc: Marion E. Reitz, Director
Division of Economic Assistance

Nicholas Scalera, Director
Division of Youth and Family Services