



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. 89-1

DATE: January 18, 1989

TO: COUNTY WELFARE AGENCY DIRECTORS

SUBJECT: Medicare Part B Premium Increase - January 1989

Effective with January 1989 Social Security checks, the premiums for Medicare Part B (SMI) coverage increased from \$24.80 to \$31.90. This amount includes the new catastrophic health insurance premium of \$4.00, which is effective as of January 1, 1989. However, the Social Security Act provides that the new premium amount will be less than \$31.90 for certain Social Security beneficiaries.

This year's cost-of-living increase in Social Security benefits was 4%. The effect of the benefit increase in conjunction with the \$7.10 increase in the SMI premium, would have resulted in a decrease in the new Social Security benefit to persons with already low entitlements. The law requires that no one suffer a reduction in net Social Security benefits due to the increase in the SMI premium. This provision affects persons whose pre-January 1989 monthly Social Security benefit was \$177.00 or less. For affected persons, the new SMI premium is equal to the amount of the Social Security increase plus the old premium amount of \$24.80 (but not exceeding \$31.90).

For new Medicaid Only applications for the affected population, it is important in the completion of the Form PA-3L, Statement of Income Available for Medicaid Payment, that the reduced SMI premium amounts be reflected for the two months before the State assumes responsibility for the buy-in premium. For Medically Needy spend-down cases, it is important to determine the amount of the premium in order to accurately calculate the amount which may be applied to the applicant's spend-down liability for 1989 budget periods.

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January 18, 1989

Verification of the actual amount of an individual's new SMI premium can be accomplished by submission to the Social Security Administration of a Third Party Query with the "H" field completed.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Thomas M. Russo", written in a cursive style.

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

TMR:PSd

cc: Odella T. Welch
Deputy Commissioner

Marion Reitz, Director
Division of Public Welfare

William Waldman, Director
Division of Youth and Family Services