



RRB News

U.S. Railroad Retirement Board

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Medicare Part B Premiums to Increase in 2008

The standard Medicare Part B monthly premium will be \$96.40 in January 2008, an increase of \$2.90 from the 2007 premium of \$93.50.

Until 2007, all beneficiaries paid the same basic premium amount for Medicare Part B, which is set annually at a level that covers 25 percent of the estimated Part B program costs for the year. The Government had subsidized the remaining 75 percent for all beneficiaries. As part of the Medicare Prescription Drug, Improvement and Modernization Act of 2003, this 75-percent subsidy began decreasing in 2007 for those making over certain annual threshold amounts.

The Part B monthly premiums for some beneficiaries will increase again in 2008, depending on a beneficiary's or married couple's modified adjusted gross income. The income-related Part B premiums for 2008 will be \$122.20, \$160.90, \$199.70, or \$238.40, depending on the extent to which an individual beneficiary's income exceeds \$82,000 (or a married couple's income exceeds \$164,000), with the highest premium rates only paid by beneficiaries whose incomes are over \$205,000 (or \$410,000 for a married couple). The income thresholds increase annually by indexing to the Consumer Price Index (CPI). The accompanying tables show the 2008 Part B premiums based on income. The Centers for Medicare & Medicaid Services estimates that about 5 percent of Medicare beneficiaries with Part B will pay higher premiums in 2008 based on their incomes.

The Social Security Administration (SSA) is responsible for all income-related monthly adjustment amount determinations. To make the determinations, SSA will use the most recent tax return information provided by the IRS. For 2008, in most cases that will be the beneficiary's 2006 tax return information. If that information is not available, SSA will use information from the 2005 tax return.

Those railroad retirement and social security Medicare beneficiaries affected by the 2008 Part B income-related premiums will receive a notice from SSA by December 2007. The notice will include an explanation of the circumstances where a beneficiary may request a new determination. Persons who have any questions or would like to request a new determination should contact SSA **after** receiving and reviewing their notice.

(See reverse side for accompanying tables.)

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2008 PART B PREMIUMS

Beneficiaries who file an individual tax return with income:	Beneficiaries who file a joint tax return with income:	Income-related monthly adjustment amount	Total monthly Part B premium amount
Less than or equal to \$82,000	Less than or equal to \$164,000	\$0.00	\$96.40
Greater than \$82,000 and less than or equal to \$102,000	Greater than \$164,000 and less than or equal to \$204,000	\$25.80	\$122.20
Greater than \$102,000 and less than or equal to \$153,000	Greater than \$204,000 and less than or equal to \$306,000	\$64.50	\$160.90
Greater than \$153,000 and less than or equal to \$205,000	Greater than \$306,000 and less than or equal to \$410,000	\$103.30	\$199.70
Greater than \$205,000	Greater than \$410,000	\$142.00	\$238.40

The monthly premium rates paid by beneficiaries who are married, but file a separate return from their spouses and who lived with their spouses at some time during the taxable year, are different. Those rates are as follows:

Beneficiaries who are married, but file a separate tax return, with income:	Income-related monthly adjustment amount	Total monthly Part B premium amount
Less than or equal to \$82,000	\$0.00	\$96.40
Greater than \$82,000 and less than or equal to \$123,000	\$103.30	\$199.70
Greater than \$123,000	\$142.00	\$238.40

Note.--Income-related premiums are being phased in over a 3-year period. This means that the income-related monthly adjustment amounts shown in the above tables represent 2/3 of the total income-related monthly adjustment amount that higher income beneficiaries will eventually pay in 2009. In 2009, high income beneficiaries will pay the full amount of the total income-related monthly adjustment amount. The income threshold amounts increase annually through indexing.