



Chlebina Capital Management, LLC

Larry Chlebina
 President
 843 N. Cleveland-Massillon Rd
 Suite DN12
 Akron, OH 44333
 330-668-9200
 lchlebina@ccapmanagement.com
 www.chlebinacapital.com



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Medicare Premiums and Other Costs for 2016

During the past several weeks, you may have seen media reports announcing that Medicare Part B premiums would be rising dramatically for some beneficiaries in 2016. But thanks to a provision in the Bipartisan Budget Act of 2015 signed into law on November 2, affected beneficiaries face more modest increases next year. Standard Medicare Part B premiums for the majority of beneficiaries won't be rising at all.

What you'll pay for Medicare Part B in 2016

The Centers for Medicare & Medicaid Services (CMS) has announced that in 2016, most individuals (about 70% of Medicare beneficiaries) will continue to pay \$104.90 per month for Medicare Part B (Medical Insurance), the same standard premium they paid in 2013, 2014, and 2015. If you fall into this category, your premium won't be rising because you won't be receiving a Social Security cost-of-living allowance (COLA) increase in your benefit next year, as was previously announced by the Social Security Administration (SSA). Due to a provision in the Social Security Act, you are "held harmless" from Part B premium increases when no Social Security COLA is payable.

Unfortunately, this is not the case for the approximately 30% of Medicare beneficiaries who are not subject to this "hold harmless" provision. You fall into this group and will pay more for Medicare Part B next year if:

- You enroll in Part B for the first time in 2016.
- You don't get Social Security benefits.
- You have Medicare and Medicaid, and Medicaid pays your premiums.
- Your modified adjusted gross income as reported on your federal income tax return from two years ago is above a certain amount.*

The table below shows what you'll pay next year if you're in this group.

Beneficiaries who file an individual income tax return with income that is:	Beneficiaries who file a joint income tax return with income that is:	Beneficiaries who file an income tax return as married filing separately with income that is:	Monthly premium in 2015:	Monthly premium in 2016:
\$85,000 or less	\$170,000 or less	\$85,000 or less	\$104.90	\$121.80
Above \$85,000 up to \$107,000	Above \$170,000 up to \$214,000	N/A	\$146.90	\$170.50
Above \$107,000 up to \$160,000	Above \$214,000 up to \$320,000	N/A	\$209.80	\$243.60
Above \$160,000 up to \$214,000	Above \$320,000 up to \$428,000	Above \$85,000 up to \$129,000	\$272.70	\$316.70
Above \$214,000	Above \$428,000	Above \$129,000	\$335.70	\$389.80

Although substantial, Part B premiums are far less than originally projected for 2016 because of a provision in the Bipartisan Budget Act of 2015 that limited premium increases for beneficiaries who are not subject to



For more information on costs and benefits related to Social Security and Medicare, visit Socialsecurity.gov and Medicare.gov.



the "hold harmless" provision.

*Beneficiaries with higher incomes have paid higher Medicare Part B premiums since 2007. To determine if you're subject to income-related premiums, the SSA uses the most recent federal tax return provided by the IRS. Generally, the tax return you filed in 2015 (based on 2014 income) will be used to determine if you will pay an income-related premium in 2016 (your 2013 income was used for 2015 premiums). You can contact the SSA at (800) 772-1213 if you have new information to report that might change the determination and lower your premium (you lost your job and your income has gone down or you've filed an amended income tax return, for example).

Changes to other Medicare costs

Other Medicare Part A and Part B costs will change in 2016, including the following:

- The annual Medicare Part B deductible for Original Medicare will be \$166, up from \$147 in 2015.
- The monthly Medicare Part A (Hospital Insurance) premium for those who need to buy coverage will cost up to \$411, up from \$407 in 2015. However, most people don't pay a premium for Medicare Part A.
- The Medicare Part A deductible for inpatient hospitalization will be \$1,288, up from \$1,260 in 2015. Beneficiaries will pay an additional daily co-insurance amount of \$322 for days 61 through 90, up from \$315 in 2015, and \$644 for stays beyond 90 days, up from \$630 in 2015.
- Beneficiaries in skilled nursing facilities will pay a daily co-insurance amount of \$161 for days 21 through 100 in a benefit period, up from \$157.50 in 2015.

To view the Medicare fact sheet announcing these and other figures, visit Medicare.gov.

IMPORTANT DISCLOSURES

Securities offered through Securities Service Network, Inc., Member FINRA/SIPC. Fee-based advisory services are offered through Chlebina Capital Management, LLC., a registered investment advisor.

