



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.

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