



State of New Jersey

DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

ADMINISTRATIVE OFFICES
QUAKERBRIDGE PLAZA—BUILDING 5 & 7 & 12
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ADDRESS REPLY TO:
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MEDICAID COMMUNICATION NO: 88-5

DATE: February 9, 1988

TO: County Welfare Agency Directors

SUBJECT: Medicare Part B Premium Increase - January 1988

Effective with the January 1988 Social Security checks, the premiums for Medicare Part B (SMI) coverage increased from \$17.90 to \$24.80. However, the Social Security Act provides that the new premium amount will be less than the \$24.80 for certain Social Security beneficiaries.

This year's cost-of-living increase in Social Security benefits was 4.2%. The effect of the benefit increase in conjunction with the \$6.90 increase in the SMI premium, would have resulted in a decrease in the net Social Security benefits to persons with already low entitlement. The law requires that no one suffer a reduction in net Social Security benefit due to the increase in the SMI premium. The provision affects persons whose pre-January 1988 Social Security benefit was \$165.00 or less. For the affected persons, the new SMI premium is equal to the amount of the Social Security increase plus the old premium amount of \$17.90 (not to exceed \$24.80).

The Social Security Administration has advised that the amount of the new SMI premium may be verified through the submission of a Third Party Query with the "H" field completed.

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.

Sincerely,

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

TMR:Cc

cc: Odella T. Welch
Deputy Commissioner

Marion Reitz, Acting Director
Division of Public Welfare

William Waldman, Acting Director
Division of Youth and Family Services