

2020 Medicare Parts A & B Premiums and Deductibles

On November 8, 2019, the Centers for Medicare & Medicaid Services (CMS) released the 2020 premiums, deductibles, and coinsurance amounts for the Medicare Part A and Part B programs.

Medicare Part B Premiums/Deductibles

Medicare Part B covers physician services, outpatient hospital services, certain home health services, durable medical equipment, and certain other medical and health services not covered by Medicare Part A.

Each year the Medicare premiums, deductibles, and copayment rates are adjusted according to the Social Security Act. For 2020, the Medicare Part B monthly premiums and the annual deductible are higher than the 2019 amounts. The standard monthly premium for Medicare Part B enrollees will be \$144.60 for 2020, an increase of \$9.10 from \$135.50 in 2019. The annual deductible for all Medicare Part B beneficiaries is \$198 in 2020, an increase of \$13 from the annual deductible of \$185 in 2019.

The increase in the Part B premiums and deductible is largely due to rising spending on physician-administered drugs. These higher costs have a ripple effect and result in higher Part B premiums and deductible.

From day one, President Trump has made it a top priority to lower drug prices. Currently, for Part B, the law requires CMS to pay the average sales price for a drug and also pays physicians a percentage of a drug's sale price. This incentivizes drug companies to set prices higher and for

physicians to prescribe more expensive drugs – because that leads to a higher Medicare payment. Through the President’s drug pricing blueprint, the Trump Administration is working to lower drug prices in Medicare Part B drugs.

CMS is committed to empowering beneficiaries with the information they need to make informed decisions about their Medicare coverage options, including providing new tools to help them make those decisions through the eMedicare initiative. In addition to the recently released premiums and cost sharing information for 2020 Medicare Advantage and Part D plans, we are releasing the premiums and cost sharing information for Fee-for-Service Medicare, so beneficiaries understand their options for receiving Medicare benefits. As previously [announced](#), as a result of CMS actions to drive competition, on average for 2020, Medicare Advantage premiums are expected to decline by 23 percent from 2018, and will be the lowest in the last thirteen years while plan choices, benefits and enrollment continue to increase. Premiums and deductibles for Medicare Advantage and Medicare Part D Prescription Drug plans are already finalized and are unaffected by this announcement.

Medicare Part B Income-Related Monthly Adjustment Amounts

Since 2007, a beneficiary’s Part B monthly premium is based on his or her income. These income-related monthly adjustment amounts (IRMAA) affect roughly 7 percent of people with Medicare Part B. The 2020 Part B total premiums for high income beneficiaries are shown in the following table:

Beneficiaries who file individual tax returns with income:	Beneficiaries who file joint tax returns with income:	Income-related monthly adjustment amount	Total monthly premium amount
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Less than or equal to \$87,000	Less than or equal to \$174,000	\$0.00	\$144.60
Greater than \$87,000 and less than or equal to \$109,000	Greater than \$174,000 and less than or equal to \$218,000	57.80	202.40
Greater than \$109,000 and less than or equal to \$136,000	Greater than \$218,000 and less than or equal to \$272,000	144.60	289.20
Greater than \$136,000 and less than or equal to \$163,000	Greater than \$272,000 and less than or equal to \$326,000	231.40	376.00
Greater than \$163,000 and less than \$500,000	Greater than \$326,000 and less than \$750,000	318.10	462.70
Greater than or equal to \$500,000	Greater than or equal to \$750,000	347.00	491.60

Premiums for high-income beneficiaries who are married and lived with their spouse at any time during the taxable year, but file a separate return, are as follows:

Beneficiaries who are married and lived with their spouses at any time during the year, but who file separate tax returns from their spouses:	Income-related monthly adjustment amount	Total monthly premium amount
Less than or equal to \$87,000	\$0.00	\$144.60
Greater than \$87,000 and less than \$413,000	318.10	462.70

Greater than or equal to \$413,000	347.00	491.60
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Medicare Part A Premiums/Deductibles

Medicare Part A covers inpatient hospital, skilled nursing facility, and some home health care services. About 99 percent of Medicare beneficiaries do not have a Part A premium since they have at least 40 quarters of Medicare-covered employment.

The Medicare Part A inpatient hospital deductible that beneficiaries will pay when admitted to the hospital will be \$1,408 in 2020, an increase of \$44 from \$1,364 in 2019. The Part A inpatient hospital deductible covers beneficiaries' share of costs for the first 60 days of Medicare-covered inpatient hospital care in a benefit period. In 2020, beneficiaries must pay a coinsurance amount of \$352 per day for the 61st through 90th day of a hospitalization (\$341 in 2019) in a benefit period and \$704 per day for lifetime reserve days (\$682 in 2019). For beneficiaries in skilled nursing facilities, the daily coinsurance for days 21 through 100 of extended care services in a benefit period will be \$176.00 in 2020 (\$170.50 in 2019).

Part A Deductible and Coinsurance Amounts for Calendar Years 2019 and 2020 by Type of Cost Sharing		
	2019	2020
Inpatient hospital deductible	\$1,364	\$1,408
Daily coinsurance for 61 st -90 th Day	\$341	\$352
Daily coinsurance for lifetime reserve days	\$682	\$704
Skilled Nursing Facility coinsurance	\$170.50	\$176

Enrollees age 65 and over who have fewer than 40 quarters of coverage and certain persons with disabilities pay a monthly

premium in order to voluntarily enroll in Medicare Part A. Individuals who had at least 30 quarters of coverage or were married to someone with at least 30 quarters of coverage may buy into Part A at a reduced monthly premium rate, which will be \$252 in 2020, a \$12 increase from 2019. Certain uninsured aged individuals who have less than 30 quarters of coverage and certain individuals with disabilities who have exhausted other entitlement will pay the full premium, which will be \$458 a month in 2020, a \$21 increase from 2019.

For more information on the 2020 Medicare Parts A and B premiums and deductibles (CMS-8071-N, CMS-8072-N, CMS-8073-N), please visit:

CMS - 8071 - N :

<https://www.federalregister.gov/documents/2019/11/13/2019-24441/medicare-program-cy-2020-inpatient-hospital-deductible-and-hospital-and-extended-care-services>

CMS - 8072 - N :

<https://www.federalregister.gov/documents/2019/11/13/2019-24439/medicare-program-cy-2020-part-a-premiums-for-the-uninsured-aged-and-for-certain-disabled-individuals>

CMS - 8073 - N :

<https://www.federalregister.gov/documents/2019/11/13/2019-24440/medicare-program-medicare-part-b-monthly-actuarial-rates-premium-rates-and-annual-deductible>

Divorce: Managing Details in the Midst of Devastation Can Make a Big Difference Long Term



Sarah Ruef-Lindquist

By Sarah Ruef-Lindquist, JD, CTFA

Divorce rates exceed 50% for first marriages in many parts of the U.S., and 67% for second marriages. Yes, it happens often, but it is rarely easy, no matter how amicable.

The emotional turmoil of the process can be overwhelming. Many people liken it to the grief of losing a parent or child. At least in theory, it is the death of a marriage. It is also a time of financial turmoil. Debts and assets can become weaponized to gain advantage. Decisions that are incorporated into a court decree can have lasting – if not permanent –

effects. Having legal representation to advance a client's interests is important, as is having a financial advisor who can help them be informed about decisions involving debt allocation, property division, including assets like retirement plans and social security options. These choices can have lasting, long-term value for a person going through divorce.

For instance, a party divorcing may want to not only change their will, but change their beneficiary designations on things like bank accounts, life insurance contracts or other accounts. In Maine, a new Probate Code effective Sep. 1, 2019 has changed the way beneficiary designations naming a spouse are treated if a divorce occurs after the designation was created, but before the death of now former spouse who did not change that designation. Maine law now treats those designations as revoked by virtue of the divorce. In the past, designations of spouses who became ex-spouses were still honored. It is still prudent to make these changes to reflect the intent of the account holder. A financial advisor can facilitate the necessary paperwork.

Divorced spouses also have choices about future Social Security elections. If a marriage lasted 10 years, and the parties have been divorced for two, the unmarried former spouse can claim a benefit that is 50% of their former spouse's benefit if it is higher than their own benefit. This does not impact the former spouse's benefit (even if they have remarried), and they won't even necessarily know that it has been elected by the former spouse claiming it. A financial advisor can assist with navigating decisions like this.

These are just a few of the ways financial advisors can help with the financial decisions that need to be made in the course of a divorce and following. Consider adding a financial advisor to your team if you are facing divorce to help navigating the many decisions to be made for your immediate needs and the

future. A financial advisor can work with your attorney to help you make the best decisions for your particular situation.

Cameron Gartley Earns AAI Designation



Cameron Gartley

Allen Insurance and Financial is pleased to announce that Cameron Gartley has earned an Accredited Adviser in Insurance designation from the American Institute for Chartered Property Casualty Underwriters.

Gartley is a personal insurance account executive in the company's Camden office.

Designations such as AAI demonstrate an insurance broker's tested knowledge in their field. Allen Insurance and Financial

supports all its employees in their efforts to continue their education.

The AAI program requires nine separate exams; the course outlines risk analysis techniques and tools, while providing an in-depth understanding of commercial insurance products and services.

Amanda Corson Earns CIC Designation

Amanda Corson, a personal insurance account executive with LS. Robinson Co.



Amanda Corson

insurance, has earned the designation of Certified Insurance Counselor.

The professional dedication and commitment represented by this achievement sets the standard within the insurance industry. Corson earned the designation through a series of rigorous written exams focusing on all major fields of insurance, agency operations and insurance management.

“Amanda’s emphasis on professional development continues to set a great example for her colleagues and shows her deep commitment to making sure they receive her best possible insurance counseling,” said Michael Pierce, company president.

A Bar Harbor native, Corson is a graduate of MDI High School and the University of Maine in Orono. She also holds the ACSR (Accredited Customer Service Representative) and AAI (Accredited Advisor in Insurance) designations.

Fact vs. Fiction: 529 Savings Plans and Coverdell Education Savings Accounts



Sarah Ruef-Lindquist, JD, CTFA

Fiction: The money I put into a college savings account will hurt my child's chances of receiving financial aid.

Fact: Funds that a parent puts into a 529 savings plan or Coverdell Education Savings Account that are owned by the parent have a low impact on a student's financial aid package. When these types of accounts are owned by the parent, only a portion of the balance—up to 5.64 percent—is factored into the student's Expected Family Contribution on the Free Application for Federal

Student Aid (FAFSA). This is a much lower rate than the 20% that is assessed on student-owned assets.

You should be aware, however, that distributions from a grandparent-owned 529 plan will be considered untaxed income to the student, with 50 percent of the distribution included in the FAFSA. So, if grandparents do own a 529 plan for the benefit of the child, they may want to consider reserving those funds for the last two years of college, as the FAFSA uses the prior-prior year's tax return to complete the income questions.

Meesha Luce Recognized for Excellence by Safeco Insurance®



Meesha Luce

Meesha Luce, a personal insurance account executive with Allen Insurance and Financial has earned the Safeco Insurance Award of Excellence, an honor recognizing superior underwriting skill that is achieved by a select group of agents across the country who sell Safeco Insurance. This is Luce's fifth consecutive year

earning this recognition.

“We are very proud to say that Meesha is again part of this elite group of insurance agents,” said Michael Pierce, president of Allen Insurance and Financial.

The Safeco Award of Excellence honors outstanding agents who have developed a solid underwriting relationship with Safeco and whose agencies have qualified for the Safeco Insurance Premier Partner Award, the company’s top recognition program.

Luce, a resident of Jefferson, joined Allen Insurance and Financial in 2006. In 2013 she earned her Accredited Customer Service Representative designation. She has been a member of the Maine Insurance Agents Association Young Agents Committee since 2013, was named Maine’s Young Professional of the Year in 2017 and is the vice chairman of the Maine Young Agents Committee. She is based in the agency’s Rockland office.

Allen Insurance and Financial is a multi-year President’s Award and Premier Partner agency, recognition given only to the best independent insurance agencies that sell Safeco. Safeco is a Liberty Mutual Insurance company.

Patrick Chamberlin Joins Our Business Insurance Team



Patrick Chamberlin

Patrick Chamberlin has joined Allen Insurance and Financial as a commercial insurance producer.

Chamberlin has five years experience in property & casualty insurance and holds the Commercial Lines Coverage Specialist designation.

A native of Thomaston, he has an associate degree in criminal justice from Husson University. Before he became an insurance professional, Chamberlin spent 12 years working as a commercial fisherman.

Chamberlin lives in Rockland. Outside of work, he enjoys hiking, skiing and spending time with his fiancé and their bulldog, Blu.

A Best Place to Work in Maine in 2019

Allen Insurance and Financial was recently named as one of the 2019 Best Places to Work in Maine. The awards program was created in 2006 and is a project of the Society for Human Resource Management – Maine State Council and Best Companies Group. Partners endorsing the program include: Mainebiz, the Maine State Chamber of Commerce and Maine HR Convention.

Allen Insurance and Financial has been a Best Place to Work in Maine every year since 2012.

This statewide survey and awards program was designed to identify, recognize and honor the best places of employment in Maine, benefiting the state's economy, its workforce and businesses. The 2019 Best Places to Work in Maine list is made up of 100 companies in three size categories: small (15-49 U.S. employees), medium (50-249 U.S. employees) and large (250+ U.S. employees).

To be considered for participation, companies had to fulfill the following eligibility requirements:

- Have at least 15 employees working in Maine;
- Be a for-profit or not-for-profit business or government entity;
- Be a publicly or privately held business;
- Have a facility in the state of Maine; and
- Must be in business a minimum of 1 year.

Companies from across the state entered the two-part process to determine the Best Places to Work in Maine. The first part



**Best Places to
Work in ME**

consisted of evaluating each nominated company's workplace policies, practices, and demographics. This part of the

process was worth approximately 25% of the total evaluation. The second part consisted of an employee survey to measure the employee experience. This part of the process was worth approximately 75% of the total evaluation. The combined scores determined the top companies and the final rankings. Best Companies Group managed the overall registration and survey process in Maine and also analyzed the data and used their expertise to determine the final rankings.

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chimney properly.

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2020 Open Enrollment Checklist



Employers invest in their benefit plans as an asset to recruitment of new employees and retention of valued staff. We want to be sure you are being provided with the most current information on legal and compliance requirements of these plans.

For detailed information and questions, please don't hesitate to reach out to your Allen Insurance and Financial benefits team.

[2020 Checklist \(PDF\)](#)