



Chicago Teachers' Pension Fund



2017 MEDICARE PREMIUM SUBSIDY

The following is an update in Medicare Premium Subsidy Reimbursement. Please read carefully. Information from the Centers for Medicare and Medicaid Services (CMS) may change, but the amount of subsidy set by the Board of Trustees has been approved at the following rates.

MEDICARE PART A

The 2017 Medicare A base premium will be \$413 (a \$2 increase from 2016). The subsidy for this premium will be 50% of the cost equal to \$206.50. Everyone receiving a Medicare Part A premium subsidy in their pension check is enrolled in the CTPF MedPay program. Changes will be automatically applied.

MEDICARE PART B

The base 2017 monthly premium for Medicare Part B will be \$134 for the following Medicare enrollees. If you are:

- Not receiving a Social Security Benefit
- Enrolled in Part B for the first time in 2017
- Direct billed for the Part B premium
- Subject to an income-related premium (IRMAA)

For a member in this category, CTPF will subsidize the Part B premium at \$65.50 per month with proof of premium amount.

ALL OTHER MEDICARE PART B ENROLLEES

These members will receive a flat-rate subsidy of \$54.50 per month, equivalent to 50% of the average Part B premium announced by CMS. This amount will be applied to all members in this category regardless of the final premium determined by Medicare.

Effective January 1, 2017, and regardless of your current Medicare B premium, CTPF will assume you are in this group and your subsidy will be changed to \$54.50/month. If you should not be in this group and are paying higher premiums, proof must be submitted to CTPF in order to receive a higher subsidy.

PROVIDING PROOF OF A HIGHER MEDICARE B PREMIUM TO CTPF:

- Members must send proof to CTPF by 1/31/17 to have the subsidy applied beginning January 1, 2017. Proof received/ postmarked by 1/31/17 will be retroactively adjusted.
- For proof received after 1/31/17 but before the 10th of each month, the subsidy will be applied beginning with the next payroll month. Proof received later than the 10th of each month will result in an additional one month delay in applying the subsidy.
- A document that clearly shows your individual monthly 2017 Part B premium amount is required as proof of premium.

***** All subsidy changes will be reflected in your 2017 pension check. *****

FREQUENTLY ASKED QUESTIONS

Why is there a change in Medicare Premiums? The Social Security Administration (SSA) announced that the COLA (cost of living allowance) adjustment for Social Security benefits would be 0.3% for 2017. This will affect Medicare premiums beginning January 2017. It has been several years since a COLA was applied.

Why are there two Medicare Part B Premium groups? The Medicare law contains a “Hold Harmless” provision that protects approximately 70 percent of Social Security beneficiaries from paying a Part B premium increase that is higher than their Social Security benefit increase. Those not protected (i.e. not in the Hold Harmless group) and subject to a higher Medicare B premium increase include beneficiaries who do not receive Social Security benefits, those who enroll in Part B for the first time in 2017, those who are directly billed for their Part B premium, those who are dually eligible for Medicaid and have their premium paid by state Medicaid agencies, and those who pay an income-related premium. CTPF will assume that most members fall into the latter category.

Why is the subsidy not a full 50% of the Medicare Part B premium of \$134? The actual premium is \$131 with a \$3 surcharge added by Medicare to cover additional costs. CTPF does not subsidize this expense.

What documents qualify as proof in order to receive a subsidy on the higher base Medicare Part B premium? The document must be issued by either the Centers for Medicare and Medicaid Services (CMS) or the Social Security Administration (SSA). Here are some examples of commonly issued documents that state your 2017 Medicare premium(s):

- 1) If you receive a Social Security benefit, the SSA should send you an annual “COLA letter.” This is usually mailed out late November.
- 2) If you do NOT receive a Social Security benefit, CMS should send you an annual “Medicare letter.”
- 3) If you are billed for Medicare premiums, you can send CTPF a copy of the bill if it clearly shows what is owed for January 2017.
- 4) If your Medicare effective date is 1/1/2017 or later, simply send CTPF a copy of your Medicare card.

What if I'm enrolled in the CTPF MedPay program? Medicare premiums are deducted from your pension check and the subsidy is paid in your pension check. CTPF members currently enrolled in the CTPF MedPay program will not have to let CTPF know of their higher Medicare B premium. CMS will inform CTPF of your premium amount and CTPF will deduct and subsidize based on the figure CMS provides. Members in this program will see an updated deduction and subsidy in their January 2017 pension check. Learn more about MedPay on page 32 of the [2017 Health Insurance Handbook](#).

Is there more information on the Medicare updates? The following information was released by CMS. [2017 Medicare Parts A & B Premiums and Deductibles Announced](#). Updates and other information are also available at www.medicare.gov.