



State of California—Health and Human Services Agency  
Department of Health Care Services



GAVIN NEWSOM  
GOVERNOR

January 9, 2020

TO: ALL COUNTY WELFARE DIRECTORS Letter No. 20-01  
ALL COUNTY ADMINISTRATIVE OFFICERS  
ALL COUNTY MEDICAL PROGRAM SPECIALISTS/LIAISONS  
ALL COUNTY HEALTH EXECUTIVES  
ALL COUNTY MENTAL HEALTH DIRECTORS

SUBJECT: 2020 Medicare Premiums and Social Security Title II Cost of Living  
Adjustments (Reference: All County Welfare Directors Letter Nos. [18-27](#),  
[19-11](#))

Effective January 1, 2020, this letter revises the Medicare premium amounts to be used in determining eligibility and the cost of Medicare premiums and the Social Security Title II benefit amount adjustments. This guidance is effective immediately. The Statewide Automated Welfare Systems (SAWS) made programming changes for the 2020 Medicare premium amounts and Social Security Title II adjustments in December 2019.

**Medicare Part A and B Premiums**

	<u>Medicare Part A</u>	
	<b>2019</b>	<b>2020</b>
Premium	\$437	\$458
Reduced premium	\$240	\$252
<u>Inpatient care deductible</u>		
Days 1 – 60	\$1,364	\$1,408
Days 61 – 90	\$341	\$352
Days 91 – 150	\$682	\$704
<u>Skilled Nursing Facility deductible</u>		
Days 1 – 20	N/A	N/A
Days 21 – 100	\$170.50	\$176

Medicare Part B

	<b>2019</b>	<b>2020</b>
Premium	\$135.50	\$144.60
Annual Deductible	\$185	\$198

The Social Security Administration (SSA) has advised DHCS there is a 1.6 percent cost of living adjustment (COLA) for Social Security benefits in 2020. Because of this COLA, some Medicare beneficiaries, who were “held harmless” against Medicare Part B premiums increases in prior years, will see an increase in their 2020 monthly Medicare Part B premium. The Medicare premium increase will be based on the amount of the individual’s COLA increase.

**2020 Social Security Title II Benefit Amount**

*No payment for Medicare Part B by Applicant/Beneficiary*

For Medi-Cal only individuals who do not pay the Medicare Part B premium, either because they are not eligible for Medicare or they are entitled to Buy-In (in which case the State pays the Medicare Part B premium), the current 2019 SSA gross benefit amount should be multiplied by 1.6 percent or 1.016 to compute the 2020 SSA benefit amount.

To calculate the new benefit amount after the 2020 COLA, multiply the 2019 SSA gross benefit amount by the 2020 COLA (1.016) and round the remaining cents down to the next lower whole dollar to obtain the 2020 SSA gross benefit amount. This computation produces the Title II benefit amount to be used in computing the Medi-Cal Share-of-Cost (SOC).

Example:

2019 gross Title II benefit check amount:	\$1,386.00
Multiply by COLA:	<u>x 1.016</u>
Total:	\$1,408.17
Round down total to next lower whole dollar:	\$1,408.00
2020 gross Title II benefit amount:	\$1,408.00

*Medicare Part B Premium is paid by the Applicant/Beneficiary*

For individuals who have the Medicare Part B premium deducted from their Title II benefit check, follow a two-step rounding down process to determine accurately the new benefit amount.

Two-Step Rounding Process:

- Step 1:

Add the 2019 Medicare Part B premium to the net 2019 Title II benefit check to obtain the 2019 SSA gross benefit amount. Multiply this 2019 SSA gross amount by the 2020 COLA (1.016) and round the remaining cents down to the next lower \$0.10 increment to obtain the 2020 SSA gross benefit amount.

- Step 2:

Subtract the 2020 Medicare Part B premium (\$144.60 in this example) from the 2020 SSA gross benefit amount and round down to the next lower whole dollar. The remainder will be the January 2020 SSA net benefit amount used to compute the share of cost.

Example:

Step 1:

2019 net Title II benefit check amount:	\$1,361.00
Plus 2019 Medicare Part B premium:	<u>+\$135.50</u>
2019 gross Title II benefit amount:	\$1,496.50
Multiply by COLA:	<u>x 1.016</u>
Total:	\$1,520.44

Round down total to next lower increment of \$0.10:	\$1,520.40
2020 gross Title II benefit amount:	\$1,520.40

Step 2:

2020 gross Title II benefit amount:	\$1,520.40
Subtract 2020 Medicare Part B premium:	<u>-\$144.60</u>
Total:	\$1,375.80

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Round down to the next lower whole dollar:	\$1,375.00
2020 net Title II benefit amount:	\$1,375.00

The link below provides more information on the Medicare Part A and B premiums:

<https://www.cms.gov/newsroom/fact-sheets/2020-medicare-parts-b-premiums-and-deductibles>

### **Processing the 2020 SSA COLA for Non-MAGI Eligibility Groups**

The 2020 SSA COLA will be disregarded from the eligibility determination for the Aged and Disabled FPL, Blind FPL, and Medicare Savings Programs (MSP) until the publication of the 2020 FPL rates. All medically needy cases with Title II income must have the SOC adjusted to reflect the COLA, effective January 1, 2020.

### **MSP 2020 Property Limits**

In previous years, the Department released the MSP property limits in this annual All County Welfare Directors Letter (ACWDL). In order to provide the counties and SAWS with the Medicare premiums and allocation amounts in a timely manner, the Department will release the MSP property limits in a separate ACWDL when they are available.

If you have questions regarding this letter, please contact Derek Soiu at (916) 345-8193 or by email at [Derek.Soiu@dhcs.ca.gov](mailto:Derek.Soiu@dhcs.ca.gov).

### **Original Signed By**

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