

Social Security and Medicare News

A quarterly newsletter



2009 Medicare Changes

On September 19, 2008, the Centers for Medicare and Medicaid Services (CMS), an agency under the Department of Health and Human Services, released the 2009 Medicare premiums and deductibles. The Medicare program includes:

Part A (Hospital Insurance) pays some of the costs of hospitalization, limited skilled nursing home care, and hospice care.

Part B (Medical Insurance) primarily covers physicians' services, most outpatient hospital services, and certain related services. Long-term nursing home care is not currently covered.

Part C (Medicare Advantage Plans) include managed care plans, Private-Fee-for-Service plans, and Medical Savings Accounts. These plans were formerly called Medicare+Choice.

Part D (Outpatient Prescription Drug Plan) is voluntary prescription drug coverage.

For 2009, the standard Medicare Part B monthly premium remains the same at \$96.40 – plus income-related premiums for high-income beneficiaries (see the following table). These income-related Part B premiums have been phased-in over three years beginning in 2007. In 2009, the affected enrollees will pay the full amount of the income-related premium – this applies to an estimated 5% of current Part B enrollees. The Part B monthly premium is deducted from the monthly Social Security benefit; otherwise, the government sends a bill quarterly in advance. If beneficiaries drop out and enroll again, a higher premium may apply.

Part A is premium-free for 99% of Medicare beneficiaries because they have at least 40 credits of Medicare-covered employment. For those with fewer than 30 credits, Part A can be purchased by paying a \$443 monthly premium in 2009. For those with 30-39 credits, the monthly premium is \$244 in 2009.

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The following table is a summary of the new 2009 Medicare figures. The Part D figures at the end of the table were released on April 25, 2008.

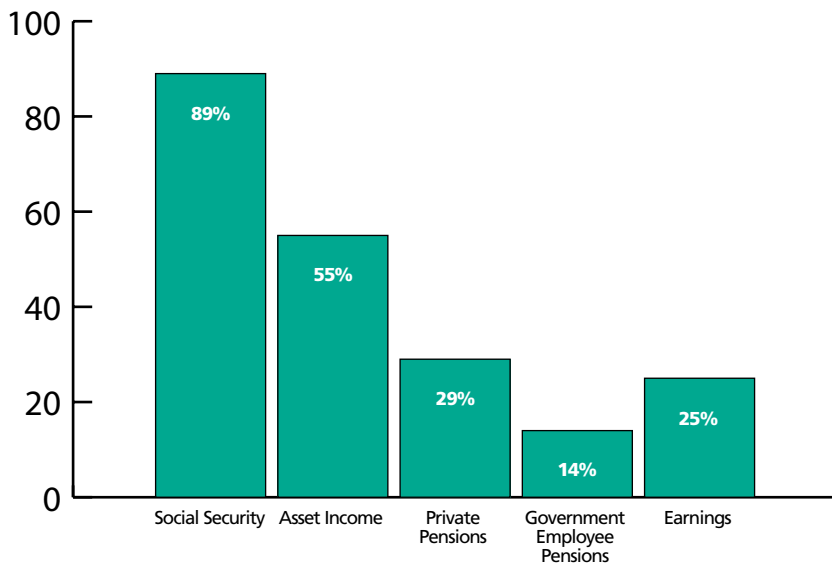
| Medicare | 2009 | |
|--|--------------------------------|----------|
| Part A inpatient deductible per benefit period | \$1,068 | |
| Part A daily coinsurance 61st through 90th days | \$267 | |
| Part A daily coinsurance for up to 60 "lifetime reserve" days | \$534 | |
| Part A daily coinsurance 21st through 100th days in a skilled nursing facility | \$133.50 | |
| Part A (Hospital Insurance) voluntary monthly premium for persons not eligible for premium-free Part A with less than 30 credits | \$443 | |
| Part A reduced monthly premium for persons with 30-39 credits | \$244 | |
| <hr/> | | |
| Part B annual deductible (remains the same as 2008) | \$135 | |
| Part B (Medical Insurance) standard monthly premium* | | |
| <u>File an Individual Tax Return</u> | <u>File a Joint Tax Return</u> | |
| \$0 to \$85,000 annual income | \$0 to \$170,000 annual income | \$ 96.40 |
| over \$85,000 to \$107,000 | over \$170,000 to \$214,000 | \$134.90 |
| over \$107,000 to \$160,000 | over \$214,000 to \$320,000 | \$192.70 |
| over \$160,000 to \$213,000 | over \$320,000 to \$426,000 | \$250.50 |
| over \$213,000 | over \$426,000 | \$308.30 |
| | | |
| <u>Married but File an Individual Tax Return</u> <u>(lived with spouse at any time during the taxable year)</u> | | |
| \$0 to \$85,000 annual income | | \$ 96.40 |
| over \$85,000 to \$128,000 | | \$250.50 |
| over \$128,000 | | \$308.30 |
| | | |
| *Income brackets for beneficiaries based on their 2007 federal income tax return filing status and adjusted gross income. | | |
| <hr/> | | |
| Part D (Prescription Drug Coverage) estimated monthly premium | \$28.00 | |
| Part D deductible | \$295 | |
| Part D initial benefit limit | \$2,700 | |
| Part D catastrophic out-of-pocket threshold | \$4,350 | |
| Part D minimum cost-sharing for catastrophic coverage | | |
| | Generic/Preferred: | \$2.40 |
| | Other: | \$6.00 |

Social Security Facts & Figures

More than 54.7 million beneficiaries were paid a benefit in 2007 according to the **Fast Facts & Figures About Social Security, 2008** publication recently released by the Social Security Administration. Social Security is still the main source of income for 64% of the aged population who receive 50% or more of their total income from Social Security. For 32% of the aged, it is 90% or more of their total income. Other major findings are as follows.

Percentage of the Aged Receiving Income by Source

Social Security benefits are by far the largest source of retirement income at 89%. The next most common source is asset income at 55% – the percentage of people receiving asset income has basically stayed the same since 1962. Over the past 44 years, receipt of private pensions has more than tripled to 29% and receipt of government pensions has increased to 14%. The final portion of income is earnings at 25% (much less than the 36% in 1962). Earnings are the only income source to decline.



Beneficiaries by Type of Benefit

In addition to retirement benefits, Social Security also provides important survivors and disability insurance protection. As of December 2007, 63% of Social Security beneficiaries were retired workers, 14% were disabled workers, and 13% were survivors of deceased workers. The remaining 10% were spouses and children of retired and disabled workers.

New Benefits Awards

In 2007, benefits were awarded to 4.7 million new beneficiaries. Retired workers were 43% of these people and 17% were disabled workers. The remaining 40% was paid to spouses and children eligible for a retirement, survivor, or disability benefit based on the worker's earnings record. These awards represent not only new people to the benefit rolls but also people already on the rolls who become entitled to a different benefit, particularly converting disabled-worker benefits to retired-worker benefits at full retirement age (age 66 in 2007).

Beneficiaries by Age

For all the Social Security beneficiaries that were being paid a benefit, 79% were age 62 or older. Among the other beneficiaries (disabled workers, survivors, or dependents), 21% were under age 62.



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Average Monthly Benefits by Gender

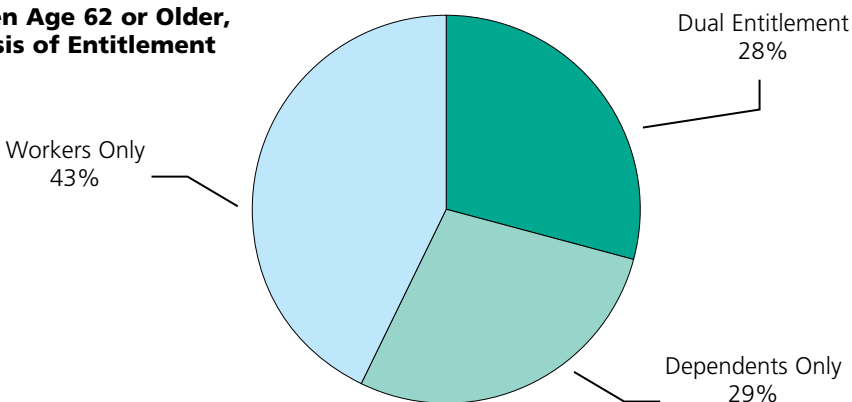
Men received higher average monthly benefits (about 30% more) than women for retirement and disability benefits based on their own work records. For those with benefits based on another person's work record (spouses and survivors), women had higher average benefits. In the following table are the average monthly benefits paid based on gender.

| Average Monthly Benefits (in dollars) | | |
|---------------------------------------|----------------|--------------|
| Beneficiary | Men | Women |
| Total | \$1,184 | \$896 |
| Workers | | |
| Retired | \$1,216 | \$935 |
| Disabled | \$1,126 | \$866 |
| Spouse of | | |
| Retired workers | \$308 | \$536 |
| Disabled workers | \$215 | \$269 |
| Survivors of deceased workers | | |
| Non-disabled widow(er)s | \$865 | \$1,043 |
| Disabled widow(er)s | \$469 | \$653 |
| Mothers and fathers | \$677 | \$789 |

Women with Dual Entitlement, 1960-2007

The number of women age 62 or older who receive benefits as dependents – based on their husband's earnings record only – has been declining from 57% in 1960 to 29% in 2007. At the same time, the number of women with dual entitlement – able to receive a benefit based on both their own earnings record and also their husband's earnings record – has been increasing from 5% in 1960 to 28% in 2007.

Women Age 62 or Older, by Basis of Entitlement



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