



SOCIAL SECURITY

November 17, 2010

Office of Information and Regulatory Affairs, OMB
Room 10235, New Executive Office Bldg.
725 17th St. NW
Washington, D.C. 20503
Attn: Kevin W. Herms

Dear Mr. Herms,

The Social Security Administration (SSA) needs to replace the current OMB-approved form, the SSA-44 (OMB No. 0960-0735, Medicare Part B Income-Related Premium - Life-Changing Event), because of statutory changes. SSA seeks approval to replace that form with a new SSA-44 entitled "Medicare Income-Related Premium – Life-Changing Event" which will address those statutory changes.

Background

Section 3308 of *Public Law 111-148 (Affordable Care Act)* extends the existing income-related monthly adjustments to Medicare Supplementary Medical Insurance (Part B) premiums to include Medicare prescription drug coverage effective January 1, 2011. On November 22, 2010, SSA will send out notices to higher-income beneficiaries who have Medicare Part B and/or prescription drug coverage.

Since the income data obtained from the Internal Revenue Service used for selections will be at least two years old in 2011, those notices invite beneficiaries who have experienced a significant life-changing event (LCEs) and a reduction in income to contact SSA for a recalculation of their income-related monthly adjustment amount (IRMAA). Beneficiaries may either contact SSA directly or by downloading the SSA-44 from the internet and mailing it to SSA. The significant life-changing events are 1) marriage, 2) divorce/annulment, 3) spousal death, 4) work stoppage, 5) work reduction, 6) loss of income due to property loss, 7) loss of pension income, and 8) receipt of a one-time employer's (or former employer's) settlement payment.

Medicare Part B helps pay for doctors' services and outpatient care. It also covers other medical services, such as physical and occupational therapy and some home health care. Beneficiaries who elect coverage under Part B pay monthly premiums. The *Social Security Act* requires deduction of Medicare Part B premiums from monthly Social Security payments.

The government usually pays about 75 percent of the Part B premium, while the beneficiary usually pays the remaining 25 percent. Since 2007, higher income beneficiaries pay a larger percentage of the total cost of Medicare Part B premiums (section 1839(i) of the *Social Security Act*). There are four levels of adjustment, based on the beneficiary's most recent income data, as

provided by the Internal Revenue Service. We call the amount by which SSA reduces the federal Medicare Part B subsidy the income-related monthly adjustment amount, or IRMAA.

The *Affordable Care Act* amended sections 1839(i) and 1860D-13 of the *Social Security Act* to extend these adjustments to Medicare prescription drug coverage. The Centers for Medicare & Medicaid Services in the Department of Health and Human Services (CMS) set the adjustment amounts for both types of IRMAA. CMS also sets the national base beneficiary premium used in the prescription drug coverage program. The four levels of adjustment are similar to those used in adjusting Medicare Part B premiums, and higher income beneficiaries with prescription drug coverage will pay a larger portion of the cost of the program.

Form SSA-44

If an enrollee experiences one of the LCEs, form SSA-44 permits documentation of the LCE and a request to SSA to use more updated taxable data on which to base the adjustments without personal contact. Based on the information provided by the form, SSA determines if the LCE meets the established criteria and if we will honor the request to use different tax data.

On the weekend of November 20, 2010, SSA will produce notices for higher income beneficiaries explaining that they will be subject to income-related adjustments to their Medicare Part B or prescription drug coverage premiums. Those notices will explain that if there has been a significant LCE and a reduction in income, the beneficiary may use form SSA-44 or contact SSA to provide information that SSA can use for a new initial determination. If OMB does not approve the revised form SSA-44 by November 22, 2010, beneficiaries will only be able to request adjustments through personal contact with SSA. We are requesting Emergency Clearance of the revised form to facilitate public reports of LCEs. This in turn will reduce the financial impact on Medicare beneficiaries who must pay the income-related adjustments until SSA is able to correct its records. We will return any incorrectly collected funds, but lengthening the time until return of the funds by limiting avenues to contact SSA may result in hardship for some beneficiaries.

The replacement SSA-44 relies on existing regulations in *20 CFR 418, Subpart B* and proposed regulations in *20 CFR 418, Subpart C* which will be effective on publication immediately following approval of this form. Please contact SSA's Reports Clearance Officer, Faye I. Lipsky, at 410-965-8783 or faye.lipsky@ssa.gov with any questions about this collection.

Sincerely,

Faye I. Lipsky
Reports Clearance Officer
Social Security Administration