

Deductible Amount for Medigap High Deductible Options F & J

For Calendar Year 2011

Summary: There are two kinds of Medicare supplemental (Medigap) plans that can be sold with a high deductible option – Plans F and J. Effective January 1, 2011, the annual deductible amount for these two plans is \$2,000, the same amount as 2010. The deductible amount for the high deductible version of plans F and J represents the annual out-of-pocket expenses (excluding premiums) that a beneficiary must pay before these policies begin paying benefits. CMS updates the deductible amount for plans F and J each year, after release of the August Consumer Price Index for all Urban Consumers (CPI-U) figures by the Bureau of Labor Statistics, which generally occurs in mid-to late September.

Calculation of the Deductible: The deductible for plans F and J is determined in accordance with section 1882(p)(11)(C)(i) of the Social Security Act. This provision prescribed a deductible of \$1,500 for 1998 and 1999 and directed that the amount increase each subsequent year by the percent increase in the CPI-U, all items, US city average. The CPI-U did not rise to a level at which the plans F and J deductible amount could be increased. Therefore, the 2011 deductible amount of \$2,000 will remain the same as the 2010 deductible amount.

For Further Information, Contact: Jay Dobbs at (410) 786-1182 or Lisa Childress at (410) 786-6956 for policy issues, or Elizabeth Hale at 410-786-7604 for actuarial issues.