

Social Security

Summary of Benefits

This brief summary describes your benefits under the Social Security and Medicare programs, which include hospital and medical insurance as well as retirement, disability, and survivors' benefits.

It also explains how you qualify for benefits, how your benefits are determined, and how you can obtain your own Personal Earnings and Benefit Estimate Statement. The section under "Medicare" provides details on eligibility, coverage, and the premium amounts for hospital and medical insurance.

To locate your nearest Social Security office, look for the address and telephone number in the telephone directory under "Social Security Administration" or "U.S. Government," or call the toll-free telephone number, 800/772-1213.

What You Pay

In 2009, you and your employer will each pay a Social Security tax of 6.2% of the first \$106,800 of your earnings, plus a Medicare tax of 1.45% of all that you earn.

If self-employed, you will pay 12.4% of the first \$106,800, plus 2.9% of all that you earn. However, when filing your tax return, you can take special deductions intended to offset your taxes.

The Social Security and Medicare taxes paid by you and your employer will continue as long as you are working, regardless of your age, and even though you may be receiving Social Security benefits. If you work for more than one employer during the year, each employer will deduct these taxes on the maximum earnings base. If there is an overpayment, you may claim a refund on your income tax return for the year.

Your employer is required to give you a statement at the end of each year showing the total amount of taxes deducted from your pay. Every three years, it's a good idea to check with the Social Security Administration for the official record of wages credited to you (see "How to Get Your Benefit Estimate").

Applying for Benefits

You are entitled to a retirement benefit if you are fully insured, are at least age 62, and file a claim with a Social Security office. Generally, application can be made by Internet at www.socialsecurity.gov, by telephone, mail or in person. The people at Social Security will tell you what documents you need to provide for the type of benefit you are claiming and, if need be, will help in completing the application form.

You should talk to a Social Security representative in the year before the year you plan to retire. Prompt filing is important. Delay may mean fewer payments because retirement benefits may be paid for up to only 6 months retroactively. It may be to your advantage to start your retirement benefits before you actually stop working.

Even if you don't plan to retire, it is important to contact Social Security two or three months before you or your spouse reaches age 65 to arrange for Medicare insurance coverage. If you wait until the month you reach 65 or later, you may lose two or three months of protection.

Payoff on Retirement

If you retire in 2009 at age 66 (see Table I for full retirement ages) and you have earned the maximum amount each year used to figure benefits, the highest monthly benefit you can receive is \$2,323.

You can retire as early as age 62, but this will permanently reduce your benefit, even for years after you reach age 65 and 8 months. You will get about the same total sum over your lifetime, but in smaller amounts to account for the longer period you will get them.

If you work past age 66, your benefits (and your dependent surviving spouse's benefits) will be increased by a certain percentage (see "Work After Retirement" and Table 2). These increases will be added in automatically until you reach age 70, when full benefits are payable without regard to earnings.

If you are not yet eligible to retire, you can request an estimate of your future benefits (see "How to Get Your Benefit Estimate"). Note that if you were born after 1937, your full retirement age will be more than 65. You can still receive reduced benefits at age 62, but the reduction will be larger than it is now (see "Notes to Table 1," footnote 1).

When you are retired, your dependents in any of the following categories may be entitled to benefits based on your work record:

- Your spouse at age 62 or older, unless he or she can collect a higher Social Security benefit on his or her own work record. (If your spouse's work record produces a personal retirement benefit that is less than the benefit payable on your record, he or she will get the personal benefit plus the difference. For example, Mrs. Smith is due a \$350 retirement benefit but is also due a \$450 spouse's benefit. She will

be paid her \$350 benefit plus \$100 from her husband's Social Security account.*) Note also that your spouse's eligibility for a government pension may reduce benefits he or she can receive on your record (see "Retirees").

**Applies to children, dependent parents, or surviving spouses, including those who are divorced.*

- Your spouse at any age, if caring for your child (under 16 or disabled) who is entitled to benefits. Your spouse is not eligible for benefits as a dependent from the time your youngest child turns age 16 until your spouse reaches age 62, even if your child continues to draw benefits.
- Your dependent, unmarried children (natural or adopted) under age 18 (under 19 if still in high school), and those age 18 or older who were disabled before age 22 and who remain disabled.
- Your grandchildren who live with you, if their parents are dead or disabled.
- Your divorced spouse at age 62 who: (1) was married to you for 10 years; (2) has not remarried; and (3) is not eligible for an equal or higher benefit on his or her own record or on someone else's. (If divorced at least two years, your ex-spouse can get benefits if you are eligible to receive them, even if you have not yet retired.)

You and your dependents are each entitled to a percentage of your age 66 (your Primary Insurance Amount (PIA), shown in Table 1). If you have more than one dependent when you retire, benefit amounts are subject to the Family Maximum Benefit, the top amount payable to you and your dependents together, and to other limits discussed in the section entitled "Retirees—How Your Benefits Are Calculated."

Cost of living adjustments. The benefits of current recipients are adjusted in December of each year to keep them in line with living costs. The increase payable in January 2009 is 5.8%.

Work After Retirement

If you are under full retirement age and already receiving Social Security benefits, those benefits will be reduced if you continue to work and earn more than a certain amount: a) If you are under full retirement age for the entire year 2009, your benefits will be reduced by \$1 for each \$2 you earn above \$14,160 in 2009; and b) If you reach full retirement age in 2009, for all months in 2009 before you reach full retirement age your benefits will be reduced \$1 for each \$3 you earn above \$37,680 in 2009. However, if 2009 is your first retirement year, you'll get your full benefit for each month in which you neither work as an employee for more

than \$1,180 if you're under full retirement age, nor perform "substantial services in self-employment," regardless of your total earnings for the year. After age 66, you can earn any amount and still draw a full Social Security benefit. The earnings test only applies to income earned from a job. It does not affect entitlement to Medicare benefits.

Your earnings in retirement may affect your dependents' benefits as well as your own, but not a divorced spouse's benefits. If a dependent works, those earnings affect only the dependent's benefits. If your earnings in retirement would result in higher benefits, your benefits will be recomputed each year and you will receive the increase without further application.

Tax on Benefits

Some people who get Social Security will have to pay taxes on their benefits. You will be affected only if you have substantial income in addition to your Social Security benefits. If you file a federal tax return as an "individual" and your combined income* is between \$25,000 and \$34,000, you may have to pay taxes on 50% of your benefits. If your combined income is above \$34,000, up to 85% of your benefits may be subject to income tax. If you file a joint return, you may have to pay taxes on 50% of your benefits if you and your spouse have a combined income that is between \$32,000 and \$44,000. If your combined income is more than \$44,000, up to 85% of your benefits may be subject to income tax. If you are married and file a separate return, you probably will pay taxes on your benefits. For more information about the taxation of your Social Security benefits, you can call the IRS at 1-800-829-3676 to ask for a copy of Publication 554, "Older Americans' Tax Guide," and Publication 915, "Social Security and Equivalent Railroad Retirement Benefits," or visit www.irs.gov.

If You Become Disabled

If you should become severely disabled, you and your dependents can start drawing monthly Social Security benefits (after a 5-month waiting period) just as if you reached full retirement age. However, you must be under full retirement age and insured for disability benefits, and you must apply for disability benefits. Note that your total family benefit is limited to the smaller of 85% of your average indexed monthly earnings or 150% of your PIA. Other provisions that may affect benefit amounts are discussed under "Retirees—How Your Benefits Are Calculated." The time element in applying for disability benefits is very important—a delay of over 12 months beyond the waiting period in making application may result in your losing benefits. To be eligible, you need medical proof showing that you are unable to perform any substantial work for pay because of a severe physical or mental disability, and that the

disability has lasted, or is expected to last, 12 months or more or will result in death. (Generally, a job that pays more than \$940 per month is considered substantial work. However, a job that pays \$300 per month could be considered substantial work if you submit evidence that area workers who are not disabled do a similar amount and quality of work or your work is clearly worth more than \$940, based on pay scales in your community.) You must be “fully insured” and have had 5 years (20 credits) of coverage in the last 10 years before your disability. Workers who become disabled between the ages of 24 and 31 can qualify for disability benefits if they worked half the time between age 21 and the time they became disabled. Persons disabled before age 24 are eligible if they have earned 6 credits in the 3-year period ending when the disability started. Workers disabled and recovered before age 31 and again disabled after age 31 may be eligible if they worked half the time after age 21 through the calendar quarter of their second disability, excluding the first period of disability. The minimum number of quarters generally required under this alternate test is 6. Special rules apply for disabled blind people.

When you apply for disability benefits, you will be considered for vocational rehabilitation services by an agency in your state. If your application is approved, you will not be paid disability benefits if, without good cause, you refuse counseling, training, or other services offered to you by the state vocational rehabilitation agency. If you return to work in spite of your impairment, your benefits will continue during a trial work period of up to 9 months (not necessarily consecutive, but within a 5-year period) to test your ability to work. You must have net earnings of more than \$670 in a month to count that month in the trial work period. If you are able to do substantial work after 9 months of trial work, your benefits will continue for an adjustment period of 3 additional months. If you complete the 9-month period and again become unable to continue working within the next 36 months, your benefits can be restarted automatically.

If you become disabled within 5 years after you return to work, you can begin receiving benefits again without serving another 5-month waiting period, provided that your second disability is expected to last 12 months or more. This also applies to individuals who were entitled to benefits as a disabled surviving spouse or as a person disabled before age 22 who becomes disabled again within 7 years after benefits end.

Survivor Benefits

Monthly survivor benefits are available to the following beneficiaries if you are insured by Social Security when you die (regardless of your age):

- Your surviving spouse at age 60 or over (50–59 if disabled), or at any age if caring for your child (under 16 or disabled before age 22) who is entitled to benefits;

- Your dependent unmarried children under age 18* and those age 18 or over who became disabled before age 22 and remain disabled;
- Your dependent parents age 62 or older;
- Your unmarried surviving divorced spouse: (1) at age 60 or over (50– 59 if disabled) who was married to you for 10 years and who is not eligible for an equal or higher personal benefit, or (2) at any age if caring for a child (under 16 or disabled) who is entitled to benefits on your record.

Each surviving dependent is entitled to a percentage of your PIA, subject to the Family Maximum Benefit (your PIA is the amount you would have received if you had lived to retire at full retirement age or, if you had already retired at that age, the amount you were receiving) (see Table 1). Note that benefits of surviving spouses (including those disabled or divorced) are reduced if begun before full retirement age. Eligibility for a government pension may also affect their benefits (see “Retirees—How Your Benefits Are Calculated”).

If your surviving spouse remarries before reaching age 60 (or age 50 if disabled), she or he will not be eligible for benefits on your record unless the subsequent marriage ends. After reaching age 60 (50 if disabled), a surviving spouse or surviving divorced spouse married to an insured worker for 10 years may remarry without losing entitlement to benefits. Children’s benefits are not affected by the remarriage of their mother or father, even though their stepparent adopts them and contributes to their support. Nor will adoption of a surviving child by any other person cause the child’s benefits to stop. Children’s benefits stop when they marry or reach age 18.* When the last surviving child marries or reaches age 16, the mother’s or father’s benefits also stop, but a surviving spouse or an eligible divorced spouse of a fully insured person can pick up again with a surviving spouse’s benefits upon reaching age 60 (50 if disabled).

As with retired workers, Social Security payments to a surviving dependent are reduced if the dependent works and earns more than the earnings limit for the year (see “Work After Retirement”). However, work by a parent does not affect the benefits of surviving children under that parent’s care.

LUMP-SUM DEATH BENEFIT: In addition to the monthly benefits survivors receive, the deceased worker’s eligible spouse is entitled to a one-time payment of \$255. If there is no such spouse, this payment can be made only to a child entitled to survivor’s benefits.

How You Qualify

Before you can qualify for benefits, you need credit for a certain amount of work under Social Security. You earn one credit (previously called a “quarter of coverage”) for each dollar amount listed below, up to a maximum of 4 credits per year. (The dollar figure rises each year to reflect the increase in average wages.)

1989	500
1990	520
1991	540
1992	570
1993	590
1994	620
1995	630
1996	640
1997	670
1998	700
1999	740
2000	780
2001	830
2002	870
2003	890
2004	900
2005	920
2006	970
2007	1,000
2008	1,050
2009	1,090

Self-employed persons who have at least \$400 in self-employment income in a year before 1985 earn at least 1 credit. Beginning in 1985, the amounts of self-employment income needed to earn at least 1 credit is the same as for regular earnings. However, self-employed persons with net earnings of less than \$400 may still be given credits if their gross earnings are at least \$600 and they are eligible to use an “optimal method” of reporting earnings.

Men and women in military service from 1957 through 2001 earn credits on basic pay for active duty, plus additional credits of up to \$1,200 a year. Inactive duty payments count as wages beginning Jan. 1, 1988. Credits of \$160 a month for active military service prior to 1957 may also be granted in some cases.

Federal employees hired as of Jan. 1, 1984, employees of nonprofit organizations, and most state and local government employees also earn credits for wages they are paid.

“Fully insured” means that you and your dependents are eligible for most Social Security benefits. It does not, however, determine the amount of your benefits. You are

fully insured if you have at least the following number of credits in the year you reach age 62, become disabled, or die:

1984	33 (8.25 yrs)
1985	34 (8.50 yrs)
1986	35 (8.75 yrs)
1987	36 (9 yrs)
1988	37 (9.25 yrs)
1989	38 (9.50 yrs)
1990	39 (9.75 yrs)
1991 and on	40 (10 yrs)

Employees of nonprofit organizations who are 55 and older, and who are mandatorily covered as of Jan. 1, 1984, are considered fully insured for retirement and survivor benefits if they acquire the credits shown earlier.

Age on Jan. 1, 1984	Credits
60 or over	6
59	8
58	12
57	16
55 or over	20

“Currently insured” is a special coverage to ensure that dependent children and their widowed mothers and fathers can get benefits if a worker should die before becoming fully insured. You need at least 6 credits in the 3 years before your death to be currently insured. If you become disabled, you and your dependents are eligible to receive monthly benefits if you meet the requirements outlined under “If You Become Disabled.”

How Your Benefits Are Determined

The monthly benefit you and eligible members of your family will receive is determined by the Social Security Administration. Determining this amount involves your earnings record, when you become eligible for benefits (the year you reach age 62, become disabled, or die), the age at which your benefits begin, and your family situation.

Retirees—How Your Benefits Are Calculated

When you apply for Social Security benefits, your earnings record is checked to see if you have worked long enough to qualify. Your earnings average is used to determine the size of your monthly benefit. The number of years used in figuring the average depends on when you become eligible for benefits.

When your benefits are computed, your actual earnings are adjusted (“indexed”) to reflect changes in average wage levels during the years you have worked. The indexed earnings are averaged together, and a formula is applied to the average to obtain your Primary Insurance Amount (PIA).* The PIA is

increased by the cost-of-living adjustment (COLA) that occurs in the year you first become eligible for benefits and by all yearly COLAs thereafter. Increases since 1981 are as follows:

1981	11.2%
1982	7.4%
1983	3.59%
1984	3.5%
1985	3.1%
1986	1.3%
1987	4.2%
1988	4.0%
1989	4.7%
1990	5.4%
1991	3.7%
1992	3.0%
1993	2.6%
1994	2.8%
1995	2.8%
1996	2.6%
1997	2.9%
1998	2.1%
1999	1.3%
2000	.4%
2001	3.5%
2002	.6%
2003	1.4%
2004	2.1%
2005	2.7%
2006	4.1%
2007	3.3 %
2008	2.3%
2009	5.8%

** This indexing method is used to calculate benefits for people becoming eligible for benefits in 1984 and later. People who were eligible before 1979 receive benefits calculated under an “old” method using actual earnings rather than indexed earnings to obtain the PIA. People who became eligible in 1979-83 receive benefits calculated two ways—by the indexing method and by a modified version of the old method—and they receive the higher of the two resulting benefit amounts.*

You and the eligible members of your family are each entitled to a percentage of your PIA (see Table 1). Note that the amounts are reduced:

- If you (or your spouse, unless caring for an eligible child) begin receiving benefits before reaching full retirement age; or
- If the combined amount of family benefits exceeds the Family Maximum Benefit. In this situation, you receive your full benefits, but the benefits of each family member will be reduced proportionately. Benefits paid to a divorced spouse do not affect the total amount payable to other

family members. (The amount of the Family Maximum Benefit is determined by applying a formula to your PIA.)

In addition, benefit amounts may be reduced in the following situations (contact Social Security if you need further information):

- If you become eligible both for Social Security retirement or disability benefits and for a pension based on noncovered employment after 1985, a modified formula will be used to figure your benefits, which will result in a lower PIA to take account of the years spent in noncovered employment.
- If you receive workers’ compensation or a public disability benefit, payments from such programs plus Social Security payments may not exceed 80% of your average current Social Security earnings before you became disabled.
- If your spouse or surviving spouse (including a divorced or disabled spouse) is eligible for benefits based on your record and also receives a pension from a government job not covered by Social Security, your spouse’s Social Security benefits will be reduced by two-thirds of the government pension amount. This does not apply if you served, or are serving, in the military.

Your monthly benefit and the benefit of your surviving spouse will be increased, however, if you work past your full retirement age. (For a list of the monthly and yearly benefit increases you can receive, see Table 2.)

Current Workers—How Your Benefits Are Estimated

The Personal Earnings and Benefit Estimate Statement lists your earnings record and provides an estimate, in today’s dollars, of the benefits for which you and your family might qualify upon retirement or if you should die or become disabled.

Your estimated benefits are figured by the method used to calculate actual benefits discussed under “Retirees” above (i.e., your PIA is computed from your average earnings, then the percentages shown in Table 1 are applied to the PIA to derive the monthly benefit amounts shown in the Statement).

Bear in mind that the Statement is not a decision on a claim for Social Security benefits. You do not qualify for any of these benefits unless you apply for them, have all the Social Security credits you need, and meet all other requirements. The actual number of Social Security credits and the benefit estimates shown on the Statement may change. The Social Security Administration will determine the exact amount of your Social Security benefits, if any, when you apply.

If any of the information you submitted is wrong, the Social Security credits shown and the benefits estimated in the Statement may also be wrong. Social Security bases your benefit estimate in part on your future average yearly earnings. The accuracy of your prediction of earnings will affect the accuracy of your benefit estimate.

How to Get Your Benefit Estimate

To get your Personal Earnings and Benefit Estimate Statement, call or stop by your nearest Social Security Office and ask for Form 7004. You may also make your request through the internet at www.socialsecurity.gov or call at 1-800-772-1213.

In filling out the form, pay special attention to the instructions for question 9. Stamp and mail the completed form to the address shown for the Social Security office for your state. You also can complete the form online and transmit it. Your statement should arrive within four to six weeks.

Delayed Retirement Credits

Social Security benefits are increased by a certain percentage (depending on date of birth) if you delay your retirement beyond full retirement age.

The benefit increase no longer applies when you reach age 70, even if you continue to delay taking benefits.

Increase for Delayed Retirement

Year of Birth*	Yearly Rate of Increase	Monthly Rate of Increase
1933-1934	5.5%	11/24 of 1%
1935-1936	6.0%	1/2 of 1%
1937-1938	6.5%	13/24 of 1%
1939-1940	7.0%	7/12 of 1%
1941-1942	7.5%	5/8 of 1%
1943 or later	8.0%	2/3 of 1%

*Note: If you were born on January 1st, you should refer to the rate of increase for the previous year.

Here's An Important Point: If you decide to delay your retirement, be sure to sign up for Medicare at age 65. In some circumstances, medical insurance costs more if you delay applying for it.

Full Retirement Age

If your full retirement age is older than 65 (that is, you were born after 1937), you still will be able to take your benefits at age 62, but the reduction in your benefit amount will be greater than it is for people retiring now.

Here's how it works. If your full retirement age is 67, the reduction for starting your retirement benefits at 62 is about 33.3 percent. The reduction for starting benefits at age

- * 63 is about 25 percent;
- * 64 is about 20 percent;
- * 65 is about 13.3 percent; and
- * 66 is about 6.7 percent.

Benefit as a spouse at 62 is about 67.5 percent of the benefit your spouse would receive if his or her benefits started at full retirement age. The reduction for starting benefits as a spouse at age

- * 63 is about 65 percent;
- * 64 is about 62.5 percent;
- * 65 is about 58.3 percent;
- * 66 is about 54.2 percent; and
- * 67 is 50 percent. (Maximum)

Age To Receive Full Social Security Benefits

(Called "full retirement age" or "normal retirement age.")

Note: If you qualify for benefits as a Survivor, your full retirement age may be different.

Year of Birth*	Full Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943--1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

*If you were born on January 1st of any year you should refer to the previous year.

Medicare Part A—Hospital Insurance

What It Covers

Hospital care, for up to 90 days for each benefit period (but you pay for the first \$1,068 of the hospital bill and an additional \$267 for each day over 60 until you reach day 91). After day 91, you pay the first \$534 per day until day 151. Starting on day 151, you pay all the costs. A benefit period begins when you enter the hospital and ends after you have remained out of the hospital (or out of a skilled

nursing facility) for 60 consecutive days. Care includes semi-private room and board (private rooms only when medically necessary); use of operating and recovery rooms; regular duty nursing services; radiological services; hospital costs for anesthesia services; drugs; blood transfusions (but you pay the costs of the first 3 pints of blood or provide replacement); medical supplies and appliances; rehabilitation services; and psychiatric hospital care for a lifetime total of 190 days.

Post-hospital extended care in a “skilled nursing facility” after at least a 3-day hospital stay for up to 20 days for each benefit period, plus 80 days for which you pay \$133.50 per day. You must be admitted within a short time (generally 30 days) of leaving the hospital, and if you leave the facility and then need to return you must do so within 30 days. Services include semi-private room and board; nursing care; physical, occupational, and speech therapy; and drugs ordinarily furnished to inpatients.

Care in your own home for an unlimited number of medically necessary visits if you are homebound, provided a doctor sets up a home health plan for you. The services must be supplied by a home health agency participating in Medicare; they include part-time or intermittent nursing care or therapy and services of home health aides. Medicare covers the full cost of home health care except for 20% of durable medical equipment.

Hospice care for patients certified as terminally ill who choose to receive care in a Medicare-certified hospice rather than standard benefits for the illness. Special benefit periods, daily coinsurance amounts, and coverage requirements apply.

Note: The amounts you must pay for hospital and post-hospital care apply as given above in 2006. They may be adjusted in future years to reflect changes in hospital costs.

It Does Not Cover

Your doctor’s bill (but see Part B); psychiatric hospital care over a 190-day lifetime maximum; cost of private duty nurses, convenience items and custodial care; or items or services not reasonable or necessary.

You Become Eligible

Whether you are working or retired, you are eligible for Part A benefits at age 65 if you are entitled to monthly Social Security or railroad retirement benefits, are insured under Social Security or railroad retirement, or have worked long enough in federal, state, or local government employment to be insured for Medicare purposes. Your spouse, at age 65, is also eligible. Employers with 20 or more employees are required to offer workers age 65 or older (and spouses age 65 or older married to workers

of any age) the same health benefits offered to younger workers. You may accept or reject the employer’s health plan. If you accept it, Medicare will become the secondary health insurance payer. If you reject the employer plan, Medicare will remain the primary health insurance payer.

Individuals age 65 who are not eligible under these rules may enroll for Part A benefits by paying the full cost of coverage (\$244 per month for individuals with 30 or more quarters but fewer than 40 quarters of Medicare-covered employment; \$443 per month for those with fewer than 30 quarters or no quarters of Medicare-covered employment). (\$465 for late enrollees).

Disabled persons under age 65 who have been entitled to disability benefits for at least 24 months, people with permanent kidney failure, and certain surviving spouses are eligible for Part A benefits.

Excluded are aliens who are not permanent U.S. residents for 5 years.

Medicare Part B—Medical Insurance

What It Covers

“Welcome to Medicare” Physical Exam is covered if it occurs within the first six months that you have Part B.

Services of physicians, including diagnosis, therapy, surgery, consultation, and home, office, and institutional calls; services and supplies ordinarily furnished in a doctor’s office, such as services of an office nurse and drugs that cannot be self-administered.

Certain other services are also covered. Contact your provider for information.

Outpatient hospital services for diagnosis and treatment, such as care in an emergency room or outpatient clinic; and outpatient services including surgery, physical therapy, speech pathology, and those furnished in a comprehensive outside rehabilitation facility.

Additional medical services, including diagnostic X-ray, laboratory, and other tests; X-rays and radiation treatments; certain ambulance services; surgical dressings and splints, casts, and similar devices; purchase or rental of durable medical equipment used in the patient’s home; prosthetic devices (other than dental) that replace all or part of an internal organ; braces and artificial legs, arms, and eyes; supplies for care of a colostomy; renal dialysis treatment; pneumococcal, influenza, and hepatitis B vaccines; immunosuppressive drugs for up to 18 months after an organ transplant; pap smears; mammography screening (if age 65

or older or disabled); and blood transfusions, but you pay the cost of the first 3 pints or provide replacement. Mental health care questions should be addressed to your carrier.

Home health services are covered under Part B only if you do not have Part A coverage (see Part A coverage).

Diabetes Screening coverage for individuals that have any of the following: high blood pressure, dyslipidemia (history of abnormal cholesterol and triglyceride levels), obesity, or a history of high blood sugar. Up to two screenings a year are covered. You pay nothing.

Cardiovascular Screening every five years.

What It Pays

Medicare generally pays 80% of the approved amount for covered services after you pay an annual \$131 deductible. You are responsible for paying the other 20% of deductible charges and for permissible physician charges in excess of the Medicare-approved amount, plus all charges not covered by Medicare. Physicians who do not accept assignment of Medicare claims can charge the lower of the prevailing rate or 15% more than the Medicare-approved amount for a covered physician service. There is no deductible for mammography screening, only a 20% co-pay. Starting in 2005, Part B will cover more preventable services, including preventative physical exams as well as cardiovascular and diabetes screening tests.

It Does Not Cover

Routine foot care; eye exams to determine the need for eyeglasses; eyeglasses or fitting expenses (except prosthetic lenses); hearing aids or fitting expenses; cosmetic surgery (except in repair of an injury).

Changes to Medicare Part B

Part B deductible

- 2009 \$135 (Note: You pay 20% of the Medicare-approved amount for services after you meet the \$135.00 deductible.)
- Indexed Annually

Part B premium

- 2009 \$96.4 a/month in 2009
- 2008 Higher premiums for those with income above \$85,000 (\$170,000 for a married couple filing jointly) your monthly income is \$134.90. Premium is higher for people with higher incomes.
- 2008-2012: Phase-in period for higher premiums.

(Amounts for those who are married but file separately can be found on the web under <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1958>)

Beneficiaries who file an individual tax return with income:	Beneficiaries who file a joint tax return with income:	Income-related monthly adjustment amount	Total monthly premium amount
Less than or equal to \$85,000	Less than or equal to \$170,000	\$0.00	\$93.50
Greater than \$85,000 and less than or equal to \$107,000	Greater than \$170,000 and less than or equal to \$214,000	\$12.30	\$105.80
Greater than \$107,000 and less than or equal to \$160,000	Greater than \$214,000 and less than or equal to \$320,000	\$30.90	\$124.40
Greater than \$160,000 and less than or equal to \$213,000	Greater than \$320,000 and less than or equal to \$426,000	\$49.40	\$142.90

Medicare Part C - Managed Care

Better known as Medicare Advantage, is an alternative to coverage under Medicare Parts A and B.

Medicare Part D - Prescription Drugs

Enacted as part of the the Medicare Prescription Drug, Improved and Modernization Act of 2003. The benefit started on January 1, 2006.

This plan is structured very differently from Medicare Parts A & B. Through this plan, many companies compete for enrollees. The benefit does not come directly from Medicare.

Plan highlights for 2009 include:

- \$275 deductible
- The beneficiary then pays 25% up to \$2,510
- The beneficiary then enters another deductible known as the Donut hole, in which they pay the full cost of the drugs until total out-of-pocket expenses reach \$4,050.
- After the beneficiary has spent \$4,050, in out-of-pocket expenses they reach catastrophic coverage. At this stage, generic and preferred drugs are \$2.25, and \$5.60 for other drugs, or 5% co-insurance, whichever is greater.

In January 2010 this process will start again, possibly with different rates.