

As required in the Medicare Modernization Act, beginning in 2007, single beneficiaries with annual incomes over \$80,000 and married couples with incomes over \$160,000 will pay a higher percentage of the cost of Medicare Part B coverage, reducing Medicare's share. These higher-income beneficiaries will pay a monthly premium equal to 35, 50, 65, or 80 percent of the total cost, depending on their income level, by the end of the 3-year transition period.

For 2007, the higher-income beneficiaries will be responsible for one-third of the income-related monthly adjustment amount.

The 2007 Part B monthly premium rates to be paid by beneficiaries who file an individual tax return (including those who are single, head of household, qualifying widow(er) with dependent child, or married filing separately who lived apart from their spouse for the entire taxable year), or joint tax return are:

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 \$80,000	Less than or equal to \$160,000	\$0.00	\$93.50
Greater than \$80,000 and less than or equal to \$100,000	Greater than \$160,000 and less than or equal to \$200,000	\$12.50	\$106.00
Greater than \$100,000 and less than or equal to \$150,000	Greater than \$200,000 and less than or equal to \$300,000	\$31.20	\$124.70
Greater than \$150,000 and less than or equal to \$200,000	Greater than \$300,000 and less than or equal to \$400,000	\$49.90	\$143.40
Greater than \$200,000	Greater than \$400,000	\$68.60	\$162.10

In addition, the monthly premium rates to be paid by beneficiaries who are married, but file a separate return from their spouse and lived with their spouse at some time during the taxable year are:

Beneficiaries who are married but file a separate tax return from their spouse:	Income-related monthly adjustment amount	Total monthly premium amount
Less than or equal to \$80,000	\$0.00	\$93.50
Greater than \$80,000 and less than or equal to \$120,000	\$49.90	\$143.40
Greater than \$120,000	\$68.60	\$162.10

An estimated 4 percent of current Part B enrollees are expected to be subject to the higher premium amounts. The proportion of beneficiaries paying income-related premiums of \$106, \$124.70, \$143.40, or \$162.10 are estimated to be 1.3 percent, 1.2 percent, 0.5 percent, and 0.8 percent, respectively.