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§ 418.1120 How do we determine your income-related monthly adjustment amount?

(a) We will determine your income-related monthly adjustment amount using your tax filing status and modified adjusted gross income.

(b) *Tables of applicable percentage.* The tables in paragraphs (b)(1) through (b)(3) of this section contain the modified adjusted gross income ranges for 2007 in the column on the left in each table. The middle column in each table shows the percentage of the unsubsidized Medicare Part B premium that will be paid by individuals with modified adjusted gross income that falls within each of the ranges. The column on the right in each table shows the percentage of the Medicare Part B premium that will be subsidized by contributions from the Federal Government. Based on your tax filing status for the tax year we use to make a determination about your income-related monthly adjustment amount, we will determine which table is applicable to you. We will use your modified ad-

justed gross income to determine which income-related monthly adjustment amount to apply to you. The dollar amount of income-related monthly adjustment for each range will be set annually as described in paragraph (c) of this section. The modified adjusted gross income ranges will be adjusted annually as described in § 418.1115(e).

(1) *General table of applicable percentages.* If your filing status for your Federal income taxes for the tax year we use is single; head of household; qualifying widow(er) with dependent child; or married filing separately and you lived apart from your spouse for the entire tax year, we will use the general table of applicable percentages. When your modified adjusted gross income for the year we use is in the range listed in the left column in the following table, then the Federal Government's Part B premium subsidy of 75 percent is reduced to the percentage listed in the right column. You will pay an amount based on the percentage listed in the center column.

Modified adjusted gross income effective in 2007	Beneficiary premium (percent)	Federal premium subsidy (percent)
More than \$80,000 but less than or equal to \$100,000	35	65
More than \$100,000 but less than or equal to \$150,000	50	50
More than \$150,000 but less than or equal to \$200,000	65	35
More than \$200,000	80	20

(2) *Table of applicable percentages for joint returns.* If your Federal tax filing status is married filing jointly for the tax year we use and your modified adjusted gross income for that tax year is in the range listed in the left column in

the following table, then the Federal Government's Part B premium subsidy of 75 percent is reduced to the percentage listed in the right column. You will pay an amount based on the percentage listed in the center column.

Modified adjusted gross income effective in 2007	Beneficiary premium (percent)	Federal premium subsidy (percent)
More than \$160,000 but less than or equal to \$200,000	35	65
More than \$200,000 but less than or equal to \$300,000	50	50
More than \$300,000 but less than or equal to \$400,000	65	35
More than \$400,000	80	20

(3) *Table of applicable percentages for married individuals filing separate returns.* If your Federal tax filing status for the tax year we use is married filing separately and you lived with your spouse at some time during that tax

year, and your modified adjusted gross income is in the range listed in the left column in the following table, then the Federal Government's Part B premium subsidy of 75 percent is reduced to the percentage listed in the right column.

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You will pay an amount based on the percentage listed in the center column.

Modified adjusted gross income effective in 2007	Beneficiary premium (percent)	Federal premium subsidy (percent)
More than \$80,000 but less than or equal to \$120,000	65	35
More than \$120,000	80	20

(c) CMS will annually publish in the FEDERAL REGISTER the dollar amounts for the income-related monthly adjustment amount described in paragraph (b) of this section.

§ 418.1125 How will the income-related monthly adjustment amount affect your total Medicare Part B premium?

(a) If you must pay an income-related monthly adjustment amount, your total Medicare Part B premium will be the sum of:

(1) The Medicare Part B standard monthly premium, determined using the rules in 42 CFR 408.20; plus

(2) Any applicable increase in the Medicare Part B standard monthly premium as described in 42 CFR 408.22; plus

(3) Your income-related monthly adjustment amount.

(b) In 2007 and 2008, your income-related monthly adjustment amount you must pay will be adjusted as described in § 418.1130.

(c) The nonstandard Medicare Part B premium amount described in 42 CFR 408.20 does not apply to individuals who must pay an income-related monthly adjustment amount. Such individuals must pay the full Medicare Part B standard monthly premium plus any applicable penalties for late enrollment or reenrollment plus the income-related adjustment.

§ 418.1130 How will we phase in the income-related monthly adjustment amount?

(a) In 2007 and 2008, we will phase in the full amount of the income-related monthly adjustment amount. For the year in the left column you will pay the percentage of the income-related monthly adjustment amount specified in the right column.

Year	Percentage of the income-related monthly adjustment amount that you will pay
2007	33
2008	67

(b) Phase-in of the subsidy reduction will be complete in 2009.

§ 418.1135 What modified adjusted gross income information will we use to determine your income-related monthly adjustment amount?

(a) In general, we will use your modified adjusted gross income provided by IRS for the tax year 2 years prior to the effective year of the income-related monthly adjustment amount determination. Modified adjusted gross income is based on information you provide to IRS when you file your Federal income tax return.

(b) We will use your modified adjusted gross income for the tax year 3 years prior to the effective year of the income-related monthly adjustment amount determination when IRS does not provide the information specified in paragraph (a) of this section. If IRS can provide modified adjusted gross income for the tax year 3 years prior to the income-related monthly adjustment amount effective year, we will temporarily use that information to determine your income-related monthly adjustment amount and make adjustments as described in § 418.1110(b) to all affected income-related monthly adjustment amounts when information for the year specified in paragraph (a) of this section is provided by IRS.

(c) When we have used the information in paragraph (b) of this section, you may provide us with evidence of your modified adjusted gross income for the year in paragraph (a) of this section. You must provide a retained copy of your signed Federal income tax