

(9) *Premium* is a payment that an enrolled beneficiary pays for Medicare Part B coverage. The rules that CMS uses to annually establish the premium amount are found in 42 CFR 408.20 through 408.27.

(10) *Representative* means, for the purposes of the initial determination and reconsidered determination, an individual as defined in §404.1703 of this chapter, and for purposes of an ALJ hearing or review by the MAC, an individual as defined in 42 CFR 405.910.

(11) *Tax filing status* means the filing status shown on your individual income tax return. It may be single, married filing jointly, married filing separately, head of household, or qualifying widow(er) with dependent child.

(12) *Tax year* means the year for which your Federal income tax return has been filed or will be filed with the IRS.

(13) *Threshold* means a modified adjusted gross income amount above which the beneficiary will have to pay an income-related monthly adjustment amount described in paragraph (b)(4) of this section. The dollar amount of the threshold is specified in §418.1105.

(14) *You or your* means the person or representative of the person who is subject to the income-related monthly adjustment amount.

#### DETERMINATION OF THE INCOME-RELATED MONTHLY ADJUSTMENT AMOUNT

##### §418.1101 What is the income-related monthly adjustment amount?

(a) The income-related monthly adjustment amount is an amount that you will pay in addition to the Medicare Part B standard monthly premium plus any applicable increase in that premium as described in 42 CFR 408.22 for your Medicare Part B coverage when your modified adjusted gross income is above the threshold described in §418.1105.

(b) Your income-related monthly adjustment amount is based on your applicable modified adjusted gross income as described in §418.1115 and your tax filing status.

(c) We will determine your income-related monthly adjustment amount

using the method described in §§418.1120 and 418.1130.

##### §418.1105 What is the threshold?

(a) The threshold is a level of modified adjusted gross income above which the beneficiary will have to pay the income-related monthly adjustment amount.

(b) In 2007, the modified adjusted gross income threshold is \$80,000 for individuals with a Federal income tax filing status of single, married filing separately, head of household, and qualifying widow(er) with dependent child. The threshold is \$160,000 for individuals with a Federal income tax filing status of married filing jointly.

(c) Starting at the end of calendar year 2007 and each year thereafter, the threshold amounts for the following year will be set by CMS by increasing the preceding year's threshold amount by the percentage increase in the Consumer Price Index rounded to the nearest \$1,000. CMS will publish the threshold amounts annually in September in the FEDERAL REGISTER. Published threshold amounts will be effective January 1 of the next calendar year, for the full calendar year.

##### §418.1110 What is the effective date of our initial determination about your income-related monthly adjustment amount?

(a) Generally, an income-related monthly adjustment amount will be effective for all months that you are enrolled in Medicare Part B during the year for which we determine you must pay an income-related monthly adjustment amount. We will follow the rules in 42 CFR part 408, subpart C, regarding premium collections to withhold your income-related monthly adjustment amount from a benefit payment or to determine if you will be billed directly.

(b) When we have used modified adjusted gross income information from IRS for the tax year 3 years prior to the effective year to determine your income-related monthly adjustment amount and modified adjusted gross income information for the tax year 2 years prior later becomes available

from IRS, we will review the new information to determine if we should revise our initial determination. If we revise our initial determination, the effective date of the new initial determination will be January 1 of the effective year, or the first month you were enrolled or re-enrolled in Medicare Part B if later than January.

(c) When we use your amended tax return, as described in §418.1150, the effective date will be January 1 of the year(s) that is affected, or the first month in that year that you were enrolled or reenrolled in Medicare Part B if later than January.

*Example:* You are enrolled in Medicare Part B throughout 2011. We use your 2009 modified adjusted gross income as reported to us by IRS to determine your 2011 income-related monthly adjustment amount. In 2012 you submit to us a copy of your 2009 amended tax return that you filed with IRS. The modified adjusted gross income reported on your 2009 amended tax return is significantly less than originally reported to IRS. We use the modified adjusted gross income that was reported on your 2009 amended tax return to determine your income-related monthly adjustment amount. That income-related monthly adjustment amount is effective January 1, 2011. We will retroactively adjust for any differences between the amount paid in 2011 and the amount that should have been paid based on the amended tax return.

(d) When we use evidence that you provide which proves that the IRS modified adjusted gross income information we used is incorrect, as described in §418.1335, the effective date will be January of the year(s) that is affected or the first month in that year that you were enrolled or reenrolled in Medicare Part B if later than January.

(e) When we use information from a more recent tax year that you provide due to a major life-changing event, as described in §418.1201, the effective date is described in §418.1230.

**§418.1115 What are the modified adjusted gross income ranges?**

(a) The 2007 modified adjusted gross income ranges for each Federal tax filing category are listed in paragraphs (b), (c) and (d) of this section. We will use your modified adjusted gross income amount together with your tax filing status to determine the amount of your income-related monthly adjustment.

(b) In 2007, the modified adjusted gross income ranges for individuals with a Federal tax filing status of single, head of household, qualifying widow(er) with dependent child, and married filing separately when the individual has lived apart from his/her spouse for the entire tax year for the year we use to make our income-related monthly adjustment amount determination are as follows:

- (1) Greater than \$80,000 and less than or equal to \$100,000;
- (2) Greater than \$100,000 and less than or equal to \$150,000;
- (3) Greater than \$150,000 and less than or equal to \$200,000; and
- (4) Greater than \$200,000.

(c) In 2007, the modified adjusted gross income ranges for individuals who are married and filed a joint tax return for the tax year we use to make the income-related monthly adjustment amount determination are as follows:

- (1) Greater than \$160,000 and less than or equal to \$200,000;
- (2) Greater than \$200,000 and less than or equal to \$300,000;
- (3) Greater than \$300,000 and less than or equal to \$400,000; and
- (4) Greater than \$400,000.

(d) In 2007, the modified adjusted gross income ranges for married individuals who file a separate return and have lived with their spouse at any time during the tax year we use to make the income-related monthly adjustment amount determination are as follows:

- (1) Greater than \$80,000 and less than or equal to \$120,000; and
- (2) Greater than \$120,000.

(e) CMS will annually revise the modified adjusted gross income ranges and publish them in the FEDERAL REGISTER starting in September of 2007 for 2008. Each year thereafter, all modified adjusted gross income range amounts will be set by CMS by increasing the preceding year's modified adjusted gross income range amounts by any percentage increase in the Consumer Price Index rounded to the nearest \$1,000, and CMS will publish the amounts for the following year in September of each year.