

K & L Out-of-Pocket Limits Announcements

September 2013 Announcement

Out-of-Pocket Limits for Medigap Plans K & L for Calendar Year 2014

Summary:

The 2014 out-of-pocket (OOP) limits for Medigap plans K & L are \$4,940 and \$2,470, respectively. The increases in the limits are based on estimates of the United States Per Capita Costs (USPCC) of the Medicare program developed by the Centers for Medicare & Medicaid Services (CMS).

Calculation of the OOP Annual Limits:

The annual OOP limits are determined in accordance with section 1882(w)(2) of the Social Security Act. That provision prescribed an OOP limit for 2006 of \$4,000 for Plan K and \$2,000 for Plan L, and directed that these amounts increase each subsequent year by an appropriate inflation adjustment specified by the Secretary of the United States Department of Health & Human Services. For 2014 the calculation of the OOP limits is based on estimates of the United States Per Capita Costs (USPCC) of the Medicare program developed by CMS as published with the announcement of Calendar Year (CY) 2014 Medicare Advantage (MA) payment rates.

The 2014 OOP limits are calculated by applying the percentage increase from 2013 to 2014 of this year's current estimates of the USPCC for Medicare Part A and Part B, aged and disabled, to the 2013 OOP limits. An adjustment is made to account for corrections to prior years' estimates. The resulting values are rounded to the nearest multiple of \$20 for Plan K and the nearest multiple of \$10 for Plan L, which results in the 2014 OOP limits of \$4,940 for Plan K and \$2,470 for Plan L.

Background:

For further background on Medigap plans K and L, refer to the 2007 Calendar Year Announcement posted in September 2006, posted on the CMS website at:

<http://www.cms.gov/Medigap/Downloads/KLOOPLimits2007.pdf>.