

What is IRMAA?

IRMAA is an acronym for Medicare’s income-related monthly adjustment amount (IRMAA). This is a higher premium charged for Medicare Part B and Medicare Part D to individuals with higher incomes.

How Does IRMAA Work?

IRMAA is an increased premium that some Medicare beneficiaries pay based on their income. This is Social Security’s pamphlet on this topic: <https://www.ssa.gov/pubs/EN-05-10536.pdf>.

IRMAA affects less than 5% of people with Medicare, but those it does affect are often surprised or unclear about how it works. For the part of the population that does not pay the higher premium amounts, Medicare pays approximately 75% of the cost of the Medicare Part B premium. The beneficiary is left with approximately 25% of the premium.

IRMAA is charged to Medicare beneficiaries with an individual modified adjusted gross income of \$88,000 or more and \$176,000 or more for Medicare beneficiaries married and filing jointly. Those with these higher incomes pay a higher percentage of Medicare Part B costs – 35, 50, 65 or 80 percent – and this is based on where the beneficiary falls on Medicare’s income-related monthly adjustment amount scale (chart below).

Likewise, beneficiaries with higher incomes will pay a higher Medicare Part D premium as well. This higher premium amount is applied regardless of which company you choose for your Medicare Part D plan. The IRMAA is applied on top of the premium that you would normally be paying for Part D.

Who Pays IRMAA?

Social Security uses the most recent tax return provided by the IRS. This means that the IRMAA determination ends up being based on a tax return from a couple of years ago. For example, the 2022 IRMAA determination is based on the 2020 tax return. The number used is the Modified Adjusted Gross Income (MAGI) and there is a sliding scale used. The sliding scale currently starts at \$88,000 for individual income and \$176,000 for married filing jointly income.

The following chart shows 2021 figures as 2022 figures were not available at time of printing. The amount shown for Part B is inclusive of the standard 2021 Medicare Part B premium. The amount shown for Part D would be added to the premium paid for the underlying Medicare Part D plan:

Filing Individually	Married & Filing Jointly	2021 Part B Total Monthly Premiums	2021 Part D Monthly IRMAA Charge
< \$88,000	< \$176,000	\$148.50	\$0.00
\$88,000 - \$111,000	\$176,000 - \$222,000	\$207.90	\$12.30
\$111,000 - \$138,000	\$222,000 - \$276,000	\$297.00	\$31.80
\$138,000 - \$165,000	\$276,000 - \$330,000	\$386.10	\$51.20
\$165,000 - \$500,000	\$330,000 - \$750,000	\$475.20	\$70.70
> \$500,000	> \$750,000	\$504.90	\$77.10

IRMAA premiums are automatically deducted from your social security check or billed to you by CMS quarterly.