

Medicare in 2025

Many Americans will be paying a little more for Medicare in 2025. A *USA Today* article, [2025 Medicare Part B premium increase outpaces both Social Security COLA and inflation](#), has some excellent details.

What it means Part B

According to the Centers for Medicare and Medicaid Services, or CMS, Americans who utilize Medicare Part B will pay more again in 2025.

Next year, the standard monthly premium for those enrolled in Medicare Part B will increase by \$10.30 to \$185. That's a jump from 2024's \$174.70. In 2023, the Part B premium was \$164.90.

Furthermore, the annual deductible for every Medicare Part B enrollee will increase from \$240 this year to \$257 in 2025. The CMS notes that those increases are largely due to expected higher costs and increased usage.

Outpaces inflation and COLA

Interestingly, the rise in the 2025 Medicare Part B premium is larger than both inflation and Social Security's cost-of-living adjustment, or COLA. The annual inflation rate in October of 2024 was 3.2% and the announced 2025 COLA is 2.5%, or about \$50 a month for the average American.

The article also explains that when the Part B premium increases at a quicker rate than the COLA, the premium cost can gobble up a bigger portion of a person's monthly Social Security payment.

Impact on higher earners

Because a recipient's Part B premium is determined by income, high-income Medicare enrollees also pay an Income-Related Monthly Adjustment, or IRMAA. All told, IRMAA impacts about 8% of those utilizing Part B, according to CMS.

For recipients who are married and lived with their spouse for any part of the year, and who file separate tax returns, the numbers break down as follows:

- Those making \$106,000 or less will pay a Medicare Part B premium of \$185 a month
- Those making between \$106,000 and \$394,000 will pay an IRMAA of \$406, plus the standard \$185, for a grand total of \$591.90 a month
- Those making more than \$394,000 will pay \$443.90 in IRMAA, on top of the standard \$185 a month, for a monthly total of \$628.90.

Not uncommon

While you might think Medicare Part B costs rising faster than the COLA is a rarity, it's actually been the case for several years. And, as the article adds, this is likely one of the reasons that some older Americans are struggling financially.

From 2005 to 2024, Part B premiums jumped an average of 5.5% annually, while COLAs averaged less than half of that, a mere 2.6%.

That disparity is caused, at least in part, because Medicare costs aren't included in the Consumer Price Index that's used to determine the annual COLA. There have only been four times when the Part B premium didn't increase: 2009, 2014, 2015, and 2018.

PART A also impacted

Medicare has different parts, and Part B handles physicians' services, outpatient hospital services, some home health services, durable medical equipment, and certain other medical services that aren't covered by Medicare Part A.

Part A covers inpatient hospital stays, skilled nursing facilities, hospice, inpatient rehabilitation, and certain home healthcare services. Roughly 99% of Medicare recipients don't pay a Part A premium because they have at least 40 quarters of Medicare-covered employment.

The inpatient hospital deductible in Part A will increase to \$1,676 in 2025, a \$44 increase from this year. For those who haven't worked long enough to qualify for Part A without a premium, the full monthly premium will be \$518 in 2025, a \$13 jump from 2024.

SOURCES

<https://www.usatoday.com/story/money/personalfinance/2024/11/11/2025-medicare-part-b-premiums-rise/76186664007/>