

# Medicare's 'Part B' outpatient premium to rise by \$3.90

8 November 2020

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Medicare's 'Part B' monthly premium for outpatient care will go up by \$3.90 next year to \$148.50, officials announced late Friday afternoon.

For most retirees, the health care cost increase will claim a significant slice of their Social Security cost-of-living adjustment, or COLA. It works out to nearly 20% of the average retired worker's COLA of \$20 a month next year.

The bite could have been deeper. It was feared that emergency actions the government took to help stabilize the health care system in the coronavirus pandemic could have triggered large premium increases. That prompted Congress to pass bipartisan legislation that limited the increase for 2021 but would gradually collect the full amount later under a repayment mechanism.

The Part B premium is set by law to cover about 25% of the cost of Medicare's supplemental [insurance](#) for outpatient services. Inpatient care is covered by Medicare's "Part A," which is financed with [payroll taxes](#) from workers and employers.

Medicare also announced that the Part B deductible next year will be \$203, an increase of \$5. The deductible is the amount patients pay each year before their insurance kicks in.

The inpatient deductible will be \$1,484, an increase of \$76.

Most Medicare recipients rely on supplemental insurance or a Medicare Advantage plan to cover their annual deductibles.

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