

# Medicare IRMAA Assessment, What Is It and Why Should You Care?



**When it comes to Medicare, do you get confused about the details?** Not only do you need to know all of the different parts of the program, but you must also be aware of the penalties that can be assessed if you join late. Now there is a surcharge if you make too much money, you heard that correctly. In December 2003, Congress passed the Medicare Modernization Act of 2003, Section 1839(i) allowed Congress to create a surcharge for those who are high-income earners that will be attached to their Part B and Part D premiums. The new rules from the Medicare Modernized Act of 2003 took effect on January 1, 2007. One of the biggest parts of it was the Income Related Monthly Adjusted Amount (IRMAA). These new rules allowed the IRS to review individuals' income tax returns from two years prior to obtaining Medicare benefits. The IRS would use a modified adjusted gross income as the standard to see if the individual is within the subsidy for

Part B and Part D. The further outside the threshold, the less subsidy that person is entitled to receive.

What does this all mean to someone who is about to retire? If a person plans to retire in 2022, the IRS will look at their 2020 income taxes. If their modified gross adjusted amount is under \$88,000 if single, or \$176,000 for a married couple, they would not be assessed an IRMMA charge. They will pay for their Part B at the base rate of \$170.10 per month. The price for Part D would simply be the plan's premium. In the event that the adjusted gross amount is greater than in this example, it could result in losing some of the Part B subsidy when Social Security assessed an IRMMA charge. Private companies manage Medicare Part D, and as such, Social Security does not have the same financial control as Part B; Part D IRMAA assessment is stacked on top of the monthly premium. The following chart is based on 2022 IRMAA and is based on 2020 tax returns.

If your yearly income in 2020 (for what you pay in 2022) was			You pay each month (in 2022)
File individual tax return	File joint tax return	File married & separate tax return	
\$91,000 or less	\$182,000 or less	\$91,000 or less	\$170.10
above \$91,000 up to \$114,000	above \$182,000 up to \$228,000	Not applicable	\$238.10
above \$114,000 up to \$142,000	above \$228,000 up to \$284,000	Not applicable	\$340.20
above \$142,000 up to \$170,000	above \$284,000 up to \$340,000	Not applicable	\$442.30
above \$170,000 and less than \$500,000	above \$340,000 and less than \$750,000	above \$91,000 and less than \$409,000	\$544.30
\$500,000 or above	\$750,000 or above	\$409,000 or above	\$578.30

Source: [CMS](#)

If your filing status and yearly income in 2020 was			
File individual tax return	File joint tax return	File married & separate tax return	You pay each month (in 2022)
\$91,000 or less	\$182,000 or less	\$91,000 or less	your plan premium
above \$91,000 up to \$114,000	above \$182,000 up to \$228,000	not applicable	\$12.40 + your plan premium
above \$114,000 up to \$142,000	above \$228,000 up to \$284,000	not applicable	\$32.10 + your plan premium
above \$142,000 up to \$170,000	above \$284,000 up to \$340,000	not applicable	\$51.70 + your plan premium
above \$170,000 and less than \$500,000	above \$340,000 and less than \$750,000	above \$91,000 and less than \$409,000	\$71.30 + your plan premium
\$500,000 or above	\$750,000 or above	\$409,000 or above	\$77.90 + your plan premium

Source: [CMS](#)

If this were to happen, could you appeal the decision? The answer is, of course, there are a couple of things to remember, the government is fast to take a fee but slow to return it, and Social Security is the one that has the final decision. Here are some reasons you could be eligible for an appeal. Please note this is not all-inclusive and doesn't guarantee a successful outcome.

- Death of spouse
- Marriage
- Divorce or annulment
- Work reduction
- Work stoppage

- Loss of income from income-producing property
- Loss or reduction of certain kinds of pension income

Not everything on the tax return is included in the modified adjusted gross income amount. This would be a great opportunity to speak with a financial advisor to assist you in planning correctly and ensure you keep the money you have saved for retirement. There are many factors that everyone needs to take into consideration when planning for retirement, so plan early and review it often. Some questions to consider are:

1. At what age should I retire?
2. At what age should I start taking out my 401k/403b/457 distributions?
3. When should I sell my business?
4. What about my stocks and bonds options?

Improper planning could have hundreds if not hundreds of thousands transferred into the bank account and waiting to be claimed as income at the end of the year.

It is always important to do your own research, to better assist the author provided links to further reading into the Medicare Modernization Act of 2003. Forbes had a great article about Medicare and the fear of it going broke that talks a little about the Act of 2003 and how the law could help Medicare in the long run.

**Want to learn more about this topic, here are two great resources:**

Social Security: [Medicare Modernization Act](#)

Forbes [No, Medicare Won't Go Broke In 2026. Yes, It Will Cost a Lot More Money.](#)

## ABOUT THE AUTHOR



Brian Weeden is Founder and President of Gateway Senior Solutions LLC. He has 10+ years of financial, insurance, nonprofit experience. He provides valuable insights and clarity about Medicare and personal finances, lifetime income, retirement plans, legacy building. He has been invited to write articles about Social Security and Medicare to help others understand some of the changes. When given the opportunity, he is honored to help you set financial priorities and retirement income goals to help you secure your future.

Brian earned his BA at the American Intercontinental University in Accounting and Finance while serving in Okinawa Japan. With Brian's education and work within the community he understands the changing world of personal finance, the challenges of planning for retirement and building a legacy for future generations. Rest assured, he will always make recommendations that are in best interest of the client. He loves breaking down complex concepts into bite size golden nuggets that helps everyone understands.

Lastly, Brian is a proud Veteran of the United States Army. He served for nearly 13 years, being able to explore many countries around the world. It was during this time he was able to find his passion of teaching and serving his community, which he believes is the glue that builds great communities. He's had the honor of serving the youth in his community with the Boys Scouts and Girl Scouts of America. He also served on the Board of Director for Big Brother Big Sister of El Paso. He is currently on the Board of Directors for the Veterans Business Association. When he is not working he loves to watch movies with his wife, support his children's goals and hang out with his three dogs.