

August 27, 2013

Alderman Michael Murphy, Chairman
City of Milwaukee Common Council Finance and Personnel Committee
200 East Wells Street, Room 205
Milwaukee, WI 53202

File No: 130474 Communication regarding IRMA issue regarding high income earners and Social Security

Dear Alderman Murphy and Finance Committee Members:

Part D Income-Related Monthly Adjustment Amount (aka Part D IRMAA) affects Medicare beneficiary with high income. Medicare requires persons to pay a Part D IRMAA in addition to their Prescription Drug Plan premium. Right now City retirees taking a City health plan with Medicare pay for their Part D drug plan as part of their monthly premium. For those with individuals with a tax returns in 2011 greater than \$85,000 or joint returns greater than \$170,000 there will be a monthly part D income related monthly adjustment rate of \$11.60 in 2013. This affects less than 5% of all Medicare recipients.

The purpose of this communication is to clarify that the City or ERS are not responsible for this IRMAA but an individual member is responsible for their IRMAA. The question would come up if a member did not pay their IRMAA and had their Medicare Part D drug plan terminated. This is to clarify with all City retirees over 65 that the IRMAA adjustment is the responsibility of the member.

Attached are a five page summary and a three page summary of Part D IRMMA.

Please contact me if you have any additional comments or questions regarding this file.

Sincerely,

Michael Brady,
Employee Benefits

CC: Maria Monteagudo, DER
Debra Ford, Labor
Renee Joos, DER
Ellen Tangen, City Attorney's Office
Mary Turk, LRB
Dennis Yaccarino, Budget Office
Jerry Allen, ERS