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United States Government Accountability Office
Washington, DC 20548

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November 7, 2006

The Honorable Michael B. Enzi
Chairman
The Honorable Edward M. Kennedy
Ranking Minority Member
Committee on Health, Education, Labor, and Pensions
United States Senate

The Honorable Howard P. "Buck" McKeon
Chairman
The Honorable George Miller
Ranking Minority Member
Committee on Education and the Workforce
House of Representatives

Subject: *Social Security Administration: Medicare Part B Income-Related Monthly Adjustment Amount*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Social Security Administration (SSA), entitled "Medicare Part B Income-Related Monthly Adjustment Amount" (RIN: 0960-AG11). We received the rule on October 27, 2006. It was published in the Federal Register as final rules on October 27, 2006. 71 Fed. Reg. 62923.

The final rule contains the rules for determining when, based on income, a monthly adjustment amount will be added to a Medicare Part B beneficiary's standard monthly premium. The monthly adjustment amount represents the amount of decrease in the Medicare Part B premium subsidy, i.e., the amount of the federal government's contribution to the Federal Supplementary Medical Insurance Trust Fund.

Enclosed is our assessment of the SSA's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that SSA complied with the applicable requirements.

If you have any questions about this report, please contact James W. Vickers, Assistant General Counsel, at (202) 512-8210.

signed

Kathleen E. Wannisky
Managing Associate General Counsel

Enclosure

cc: Paul Kryglik
Acting SSA Regulations Officer
Social Security Administration

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE
ISSUED BY THE
SOCIAL SECURITY ADMINISTRATION
ENTITLED
"MEDICARE PART B INCOME-RELATED
MONTHLY ADJUSTMENT AMOUNT"
(RIN: 0960-AG11)

(i) Cost-benefit analysis

The provisions of the final rule are expected to result in savings to the Medicare Part B account in the SMI Trust Fund of approximately \$7.7 billion over the period of Fiscal Years 2007-2011.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and

SSA has certified that the final rule will not have a significant economic impact on a substantial number of small entities since it only affects individuals.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

The final rule does not contain either an intergovernmental or private sector mandate, as defined in title II, of more than \$100 million in any one year.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

The final rule was issued using the notice and comment procedures found at 5 U.S.C. 553. On March 3, 2006, SSA published a Notice of Proposed Rulemaking in the Federal Register. 71 Fed. Reg. 10926. In response, SSA received seven comments, which are discussed in the preamble to the final rule.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The final rule contains an information collection that is subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act. SSA has submitted the required information to OMB for its review and approval of the collection.

Statutory authorization for the rule

The final rule is promulgated under the authority found in sections 702(a)(5) and 1839(i) of the Social Security Act (42 U.S.C. 902(a)(5) and 1395r(i)).

Executive Order No. 12866

The final rule was reviewed by OMB and found to be an “economically significant” regulatory action under the order.