

MEDICARE BASICS (MEDICARE A, B, C, D, AND MEDIGAP PLANS)

Medicare is a federal health insurance program overseen by the Centers for Medicare and Medicaid Services (CMS). It provides coverage for individuals 65 and older, those on Social Security Disability Insurance (SSDI) for more than 24 months, and individuals with End-Stage Renal Disease (ESRD) or amyotrophic lateral sclerosis (ALS). Medicare offers different parts, including Part A (hospital bills), Part B (medical bills), Part D (prescription bills), and Part C (Medicare Advantage Plans). Additionally, Medicare Supplement Plans (Medigap) are available to fill coverage gaps left by Original Medicare.

Medicare is a federal health insurance program that was established in 1965. It is overseen by the Centers for Medicare and Medicaid Services (CMS), an agency of the U.S. Department of Health and Human Services (HHS). Medicare provides coverage for people 65 years or older, people younger than 65 on Social Security Disability Insurance (SSDI) for more than 24 months, and people with End-Stage Renal Disease (ESRD) or amyotrophic lateral sclerosis (ALS, also known as Lou Gehrig's disease).

Medicare gets its funding from two trust fund accounts within the U.S. Treasury. These funds come from employee/employer payroll taxes, Social Security income taxes, premiums paid by Medicare beneficiaries, and funds authorized by Congress.

Medicare helps to pay your hospital bills (Part A), medical bills (Part B), and prescription bills (Part D). Original Medicare includes Medicare Part A and Medicare Part B only. Medicare Part C, often called a Medicare Advantage Plan, is an alternative

to Original Medicare that bundles Part A, Part B, and usually Part D in one plan.

Medicare Part A

Covers inpatient hospital stays, skilled nursing facility care, home healthcare, and hospice. You may not pay a premium for Part A if you or your spouse paid Medicare taxes (also called FICA taxes) for a certain amount of time while working. The amount you pay per month for your premium is based on how long you paid Medicare taxes.



Monthly premiums, deductibles, and coinsurance for Medicare change each year. You can find the current amount of these Medicare charges by checking out [Medicare.gov](https://www.medicare.gov), contacting your local Social Security office, calling Social Security's toll-free number at (800) 772-1213, or by contacting the State Health Insurance Assistance Program at www.shiphelp.org.

With Medicare Part A and B, you must pay a yearly deductible and usually a 20% coinsurance for approved services. There is no limit to how much you could pay out-of-pocket for these services in a year.

Medicare Part B

Covers a range of healthcare services, including doctor's visits and tests, mental healthcare, durable medical equipment and supplies, most preventive services, and certain outpatient prescription drugs under limited conditions.

The amount you pay (also known as a premium) for Part B depends on your income from your IRS tax return two years ago. For example, your 2023 tax return will be used to determine your 2025 Part B premium. Most people pay the standard Part B premium, but you may have to pay more if your past income is above a certain amount. This additional charge is called an Income-Related Monthly Adjustment Amount (IRMAA).

Medicare Advantage Plans (Part C)

Considered "All-in-One" or "Bundled" plans and can be an alternative to Original Medicare. The Advantage Plans include Part A, Part B, and usually Part D in one plan and are offered by Medicare-approved private insurance companies. These plans must follow Medicare's coverage rules. Sometimes Advantage plans offer extra benefits not included in Original Medicare,

such as vision, hearing, dental, transportation, over-the-counter drugs, and services that promote health and wellness (for example, a gym membership). We will discuss the advantages and disadvantages of Medicare Advantage Plans later in this guide.

Medicare Part D

Provides prescription drug coverage. These plans, sold by private insurance companies, help you pay for medications. Each plan covers different drugs at different prices. Medicare D plan premiums will depend on the plan you choose. To enroll in a Medicare Part D plan, you must already be enrolled in Medicare Part A and/or Part B.

Medicare Supplement Plans (Also known as Medigap)

Designed to "fill the gap" in coverage left by Original Medicare. These plans help pay for costs like copayments, coinsurance, and deductibles that you would otherwise have to pay yourself. To enroll in a Medicare Supplement/Medigap plan, you must have both Original Medicare Part A and Part B. The cost of the premium and the coverage level depends on the specific policy you choose.

Medicare is individual insurance, so spouses or dependents cannot be on the same Medicare plan together. If more than one person in a family is eligible for Medicare, each person is responsible for their own monthly premiums,

deductibles, and copayments. This is true for both Original Medicare and Medicare Advantage plans, as well as Part D plans. There are no discounts for married couples.

MEDICARE PLAN TYPES

