

A Beginner's Guide to Medicare

Medicare is a federal program that provides health insurance to retired individuals, regardless of their medical condition, and certain younger people with disabilities or end-stage renal disease. Here are some basic facts about Medicare that you should know.

What does Medicare cover?

Medicare coverage consists of two main parts: Medicare Part A (hospital insurance) and Medicare Part B (medical insurance). These parts together are known as Original Medicare. A third part, Medicare Part C (Medicare Advantage), covers all Part A and Part B services, and may provide additional services. A fourth part, Medicare Part D, offers prescription drug coverage that can help you handle the rising costs of prescriptions.

Medicare Part A (Hospital Insurance)

Generally known as hospital insurance, Part A covers services associated with inpatient hospital care. These are the costs associated with an overnight stay in a hospital, skilled nursing facility, or psychiatric hospital, including charges for the hospital room, meals, and nursing services. Part A also covers hospice care and home health care.

Medicare Part B (Medical Insurance)

Generally known as medical insurance, Part B covers other medical care. Physician care--whether you received it as an inpatient at a hospital, as an outpatient at a hospital or other health-care facility, or at a doctor's office--is covered under Part B. Laboratory tests, physical therapy or rehabilitation services, and ambulance service are also covered. Medicare Part B also covers 100 percent of the cost of many preventative services and an annual wellness visit.

Medicare Part C (Medicare Advantage)

A Medicare Advantage plan is a private health-care plan that contracts with Medicare to provide Part A and Part B benefits. A Medicare Advantage plan covers all of the services that Original Medicare covers except hospice care. Some plans offer extra coverage for expenses not covered by Original Medicare such as vision, hearing, dental, and other health expenses. Most also offer prescription drug (Part D) coverage. Several types of Medicare Advantage plans may be available, including health maintenance organization (HMO) plans, preferred provider organization (PPO) plans, private fee-for-service (PFFS) plans, and special needs plans (SNPs). You can choose to enroll in either Original Medicare or a Medicare Advantage plan. If you enroll in a Medicare Advantage plan, you'll generally pay a monthly premium for it, in addition to your Part B premium.

Medicare Part D (Prescription Drug Coverage)

All Medicare beneficiaries are eligible to join a Medicare prescription drug plan offered by private companies or insurers that have been approved by Medicare. Although these plans vary in price and benefits, they all cover a broad number of brand name and generic drugs available at local pharmacies or through the mail. Medicare prescription drug coverage is voluntary, but if you decide to join a plan, keep in mind that some plans cover more drugs or offer a wider selection of pharmacies (for a higher premium) than others. You can get information and help with comparing plans on the Medicare website, www.medicare.gov, or by calling a Medicare counselor at 1-800-Medicare.

What is not covered by Medicare Parts A and B?

Some medical expenses are not covered by either Part A or B. These expenses include:

- Your Part B premium
- Deductibles, coinsurance, or co-payments that apply

- Most prescription drugs
- Dental care
- Hearing aids
- Eye care
- Custodial care at home or in a nursing home

Medicare Part C may cover some of these expenses, or if you're enrolled in Original Medicare you can purchase a supplemental Medigap insurance policy that will help cover what Medicare does not.

Are you eligible for Medicare?

Most people age 65 or older who are citizens or permanent residents of the United States are eligible for Medicare Part A (hospital insurance) without paying a monthly premium.

You are eligible at age 65 if:

- You receive or are eligible to receive Social Security or Railroad Retirement Board benefits based on your own work record or on someone else's work record (as a spouse, divorced spouse, widow, widower, divorced widow, divorced widower, or parent), or
- You or your spouse worked long enough in a government job where Medicare taxes were paid

In addition, if you are under age 65, you can get Part A without paying a monthly premium if you have received Social Security or Railroad Retirement Board disability benefits for 24 months, or if you are on kidney dialysis or are a kidney transplant patient.

Even if you're not eligible for free Part A coverage, you may still be able to purchase it by paying a premium. Call the Social Security Administration (SSA) at (800) 772-1213 for more information.

Although Medicare Part B (medical insurance) is optional, most people sign up for it. If you want to join a Medicare managed care plan or a Medicare private fee-for-service plan, you'll need to enroll in both Parts A and B. And Medicare Part B is never free--you'll pay a monthly premium for it, even if you are eligible for premium-free Medicare Part A.

How much does Medicare cost?

Medicare deductible amounts and premiums change annually. Here's what you'll pay in 2022 if you're enrolled in Original Medicare:

	Premium	Deductible	Coinsurance
Part A (hospital)	None for most people, but non-eligible individuals pay up to \$499 per month (if they have 39 or fewer quarters of Medicare-covered employment)	\$1,556 per benefit period	\$389 per day for the 61st to 90th day each benefit period; \$778 per day for the 91st to 150th day for each lifetime reserve day (total of 60 lifetime reserve days)
Part B (medical)	The standard Part B premium amount is \$170.10 (subject to an income-based adjustment).	\$233 per year	After satisfying a deductible if one applies, you normally pay 20 percent of the approved amount for medical expenses

The standard Part B premium amount in 2022 is \$170.10. Most people pay the standard Part B premium amount. If your modified adjusted gross income as reported on your IRS tax return from 2 years ago is above a certain amount, you'll pay the standard premium amount and an Income Related Monthly Adjustment Amount (IRMAA). IRMAA is an extra charge added to your premium.

File individual tax return	File joint tax return	File married & separate tax return	
If your yearly income in 2020 was			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 and above	\$409,000 and above	\$77.90 + your plan premium

Due to a provision in the Social Security Act called the "hold harmless" rule, Medicare Part B premiums for existing beneficiaries who have their premiums deducted from their Social Security benefits can't increase faster than their Social Security benefits.

Beneficiaries with higher incomes have paid higher Medicare Part B premiums since 2007. To determine if you're subject to income-related premiums, the SSA uses the most recent federal tax return provided by the IRS. Generally, the tax return you filed in 2019 (based on 2018 income) will be used to determine if you will pay an income-related premium in 2020. You can contact the SSA at (800) 772-1213 if you have new information to report that might change the determination and lower your premium.

Since Original Medicare doesn't cover every type of medical care, and you'll have to pay deductibles and coinsurance, you may want to buy a Medicare supplemental insurance (Medigap) policy.

If you're enrolled in a Medicare Advantage plan, you'll generally pay one monthly premium for that plan in addition to your Medicare Part B premium. Each Medicare Advantage plan has different premiums and costs for services, and coverage varies, so what you'll pay depends on the plan you have.

Who administers the Medicare program?

The Centers for Medicare & Medicaid Services (CMS) has overall responsibility for administering the Medicare program and sets standards and policies. The CMS also manages the official government website for Medicare, medicare.gov. But it's the SSA that processes Medicare applications and answers Medicare eligibility questions.

How do you sign up for Medicare?

You'll be automatically enrolled in Medicare when you turn 65 if you're already receiving Social Security benefits, or when you apply for Social Security benefits at age 65. In either case, the SSA will notify you that you're being enrolled.

Although there's no cost to enroll in Medicare Part A, you'll pay a premium to enroll in Medicare Part B. If you've been automatically enrolled in Part B, you'll be notified that you have a certain amount of time after your enrollment date to decline coverage. Even if you decide not to enroll in Medicare Part B during the initial enrollment period, you can enroll later during the annual general enrollment period that runs from January 1 to March 31 each year. However, you may pay a slightly higher premium as a result.

If you decide to postpone applying for Social Security past your 65th birthday, you can still enroll in Medicare when you turn 65. The SSA suggests that you call (800) 772-1213 ☐ three months before you turn 65 to discuss your options. The easiest way to apply for Medicare is online at socialsecurity.gov.

We're here to help! [Contact Sentinel Benefits & Financial Group](#) for the guidance you need.

This article is not intended to be exhaustive nor should any discussion be construed as legal or financial advice.
