

## Medicare Basics

### What is Medicare?

Medicare is the federal government's health insurance program that provides benefits for people age 65 and older and people with long-lasting or permanent disabilities.

Medicare helps cover many hospital, medical, and surgical expenses. You are eligible to receive Medicare coverage if you are 65 or older, receive Social Security retirement benefits, or if you have received Social Security Disability Insurance (SSDI) benefits for at least 24 months. Medicare does not cover all medical expenses or most long-term care.

### Which medical expenses does Medicare cover?

Medicare has four parts. Each part covers different medical expenses. Not everyone who is eligible for Medicare coverage is eligible for each part of Medicare.

Most people who enroll in Medicare choose to either sign up for parts A, B, and D all together, or for Part C. When someone enrolls in parts A, B, and D, this is known as *Original Medicare*. Part C is known as *Medicare Advantage*.

**Part A (hospital insurance)** helps pay for inpatient care in a hospital, or for care at a skilled nursing facility after a hospital stay. Part A also covers some home health care and hospice care.

**Part B (medical insurance)** helps pay for services from doctors, nurse practitioners, and other healthcare providers that are considered medically necessary to treat or prevent a disease or medical condition. Part B also helps pay for outpatient care, certain medical equipment, and some preventative services (such as physical therapy, doctor visits, and annual wellness visits).

**Part C (Medicare Advantage)** is an alternative to Original Medicare (part A,B, and D) and includes hospital and medical insurance, like part A and B in Original Medicare. Some plans may also include prescription drug expenses like those covered by Part D, as well as other benefits. Part C (or Medicare Advantage) benefits are provided by Medicare Advantage organizations or other private insurance companies, which have contracted with the federal government. In this way, Medicare Advantage policies function more like private insurance, where you would sign up for an HMO, PPO, or other similar insurance plan.

**Part D (Prescription drug coverage)** helps cover the cost of prescription medications. Part D benefits may be received as a stand-alone plan, or built into a Medicare Advantage (Part C) plan.

### Who is eligible for each part of Medicare?

Medicare has strict eligibility requirements.

**Part A:** You are eligible for Part A *for free* when you turn 65 if:

- You receive or are eligible to receive Social Security Retirement Benefits,
- You receive or are eligible to receive railroad retirement benefits,
- Your spouse (living, deceased, or divorced) receives or is eligible to receive Social Security or railroad retirement benefits,
- You or your spouse worked for a certain amount of time at a government job, or
- You were previously listed as a dependent on one of your children's insurance plans, and your child has since died.

Even if you decide to delay your retirement after you turn 65, you should still sign up for Original Medicare as soon as possible because you can be charged a higher rate and experience coverage delays if you wait to enroll. You may also be eligible for Part A *before* you turn 65 if you have been entitled to Social Security Disability Insurance (SSDI) benefits for 24 months, or if you have End Stage Renal Disease (ESRD).

**Part B:** Anyone who is eligible for Part A may also choose to enroll in Part B. Even if you are not eligible for Part A for free, you may still enroll in Part B if you are 65 or older and are a U.S. citizen or a lawfully admitted noncitizen who has lived in the U.S. for at least five years.

**Part C:** If you are eligible for Part A and Part B, you may enroll in a Medicare Advantage plan. One important difference between Original Medicare and Medicare Advantage plans is that you may not enroll in a Medicare Supplemental Insurance Policy (also called a Medigap policy) if you already have a Medicare Advantage plan. For more information on Medigap, see the CLRC's Medigap publication.

**Part D:** Anyone who has Part A or Part B may also enroll in Part D.

### **When can I begin receiving Medicare coverage?**

You can view and modify your Medicare enrollment at [www.medicare.gov](http://www.medicare.gov).

- *If you are already receiving Social Security retirement benefits*, your eligibility for Medicare begins on the first day of the first month in which you reach age 65. At this point, you will automatically be enrolled in Part A and Part B. If you wish, you may choose to turn down Part B coverage, but it is important to consider the consequences of doing so (see below).
- *If you are not already receiving Social Security retirement benefits*, your eligibility for Medicare will also begin the month you turn 65. If you are receiving Social Security Disability Insurance (SSDI) benefits and are under 65, you will become eligible for Medicare coverage after receiving SSDI benefits for 24 months.

### **How do I enroll in Medicare?**

You may apply to enroll in Medicare anytime from three months before the first month in which you would be eligible for benefits until three months after your first month of eligibility. This time span is referred to as the *initial enrollment period*. There is also a *general enrollment period* which takes place during the first three months of each year, from January 1 through March 31.

Once you have already enrolled in a Medicare plan, you can change your plan during the ‘open enrollment period’ each fall, from October 15 through December 7.

**What happens if I do not enroll in Medicare during the initial enrollment period?**

If you are eligible for Part A for free, you may enroll in Part A at any time after you become eligible for Medicare. After you enroll, coverage may be retroactive up to six months. However, *if you must purchase Part A coverage, you may only enroll during your initial enrollment period or the general enrollment period, and coverage will not begin until July 1<sup>st</sup>.*

If you do not enroll in Medicare during your initial enrollment period, you may only enroll in Part B of Medicare during the general enrollment period. If you choose to enroll in Part B during the general enrollment period, you may be required to pay a penalty for late enrollment in addition to your monthly premium. Your monthly premium for Part B may go up 10% for each full 12-month period that you could have been enrolled in Part B but did not sign up for it. This penalty will last as long as you remain enrolled in Medicare. If you enroll in Part B during the general enrollment period, Part B coverage will begin on July 1<sup>st</sup>.

**How much of my health care costs does Medicare cover?**

Medicare will cover different amounts of your expenses depending on which parts you are enrolled in, your income, the type of medical services you require, and other factors.

**Part A** has a \$1,316 deductible<sup>1</sup> for each benefit period<sup>2</sup>. For the first 60 days of a benefit period, Part A has a \$0 coinsurance<sup>3</sup>. This coinsurance increases substantially after the first 60 days of a benefit period.

**Part B** has a deductible of \$183 per year. After that, you typically have a 20% coinsurance of the Medicare-approved amount for most doctor services, outpatient therapy, and medical equipment. Because *Original Medicare covers only 80% of most health expenses*, many people choose to purchase supplemental insurance plans, also called Medigap policies.

**Part C and Part D:** Monthly coverage of Medicare Advantage (Part C) and Medicare Prescription Drug Coverage (Part D) plans vary depending on which plan you select. For more information on what coverage you might receive with a Medicare Advantage plan, visit <https://www.medicare.gov/find-a-plan/questions/home.aspx>.

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<sup>1</sup> A deductible is the amount you must pay for medical expenses before your insurance begins to pay. For example, if your insurance plan’s deductible is \$1,000, you would pay all your medical expenses until you have spent a total of \$1,000. After that, you would share future medical costs with your insurer through copays and coinsurance.

<sup>2</sup> A “benefit period” is how Medicare measures your use of hospitals and skilled nursing facility services (SNFs). A benefit period begins the day you are admitted as an inpatient to a hospital or SNF and ends when you have not received any inpatient care at a hospital or SNF for 60 days in a row.

<sup>3</sup> Coinsurance is the percentage of a healthcare expense which you must pay on your own. You begin paying coinsurance after you have paid your deductible. For example, if your coinsurance is 30%, you would pay \$30 of a \$100 healthcare bill and your insurer would pay the other \$70.

### **How much does each part of Medicare cost?**

**Part A:** Most people do not pay a monthly premium for Part A coverage. You only have to pay a monthly premium for Part A coverage if you are over 65 but have not paid enough into Social Security. This generally only applies to people who have no Social Security work history or insufficient work history. For most people who must pay a premium, the Part A monthly premium is \$413 in 2017.

**Part B:** The standard Part B monthly premium is \$134 for 2017 (or higher depending on your income). However, most people who get Social Security benefits will pay less than this amount (\$109 per month on average). If you are receiving Social Security Retirement or Social Security disability benefits, your monthly Part B premium will be automatically deducted from your benefits.

**Parts C and D:** Monthly premiums for Medicare Advantage (Part C) and Medicare Prescription Drug Coverage (Part D) plans vary depending on your income, location, and other factors. The average monthly premium for Part D is \$30 per month. For more information on what you may pay for a Medicare Advantage or Prescription Drug Coverage plan, visit

<https://www.medicare.gov/find-a-plan/questions/home.aspx>

### **Resources**

- To request information on Medicare, you may contact:  
U.S. Department of Health and Human Services  
Centers for Medicare and Medicaid Services (CMS)  
75 Hawthorne Street, Suite 408  
San Francisco, CA 94105  
(800) 633-4227
- For general information on Medicare: <https://www.ssa.gov/pubs/EN-05-10043.pdf>
- Health Care Law and Medicare:  
[http://assets.aarp.org/www.aarp.org/articles/health/208147\\_hcr\\_law\\_and\\_medicare.pdf](http://assets.aarp.org/www.aarp.org/articles/health/208147_hcr_law_and_medicare.pdf)
- A quick look at Medicare:  
<https://www.medicare.gov/Pubs/pdf/11514-A-Quick-Look-at-Medicare.pdf>
- For more detailed information on Medicare:  
<https://www.medicare.gov/pubs/pdf/10050-Medicare-and-You.pdf>
- A quick look at Medicare (in Spanish): Resumen corto sobre Medicare:  
<https://www.medicare.gov/Pubs/pdf/11514-S-Quick-Look-Medicare.pdf>
- The State Health Insurance Assistance Programs (SHIPs) provide local, in-depth, and objective insurance counseling and assistance to Medicare-eligible individuals, their families, and caregivers. To look up and contact your state's State Health Insurance Assistance Program (SHIP), visit: <https://www.medicare.gov/Contacts>
- For personalized assistance with Medicare questions, contact the Medicare Rights Center at <https://www.medicarerights.org>

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