What is Medicare?

Medicare is a federal health insurance program that helps Americans pay for the high cost of health care. Medicare is for people 65 or better, under 65 with certain disabilities, and any age with end-stage renal disease (permanent kidney failure requiring dialysis or a kidney transplant).

You must enroll within a seven-month window that begins three months before you turn 65, which includes your birthday month, and ends three months following your birthday. If you are already receiving Social Security benefits, you'll automatically be enrolled in Medicare Part A and Part B. You can still choose to turn down Part B coverage, for which there is a cost.

You should sign up for Medicare as soon as you're eligible to avoid gaps in coverage and late enrollment penalties. If you retire and are eligible for Medicare but opt for COBRA insurance coverage instead, you might be responsible for significant bills.

General Enrollment Period – *January 1 through March 31st annually.*
However, you'll likely face a lifelong penalty for signing up during this time.

Open Enrollment Period – *October 15th – December 7th annually*.
You can change or choose your Medicare coverage, including health plans and prescription drug coverage. Changes take effect on January 1 of the following year.

Medicare Eligibility Guidelines

- You meet Medicare eligibility guidelines for Part A (hospital insurance) and Part B (medical insurance) coverage if you or your spouse paid into Social Security for at least 10 years while employed and you are a citizen or permanent resident of the United States.
- Even though the full Social Security retirement age is no longer 65, you are still eligible for Medicare at age 65.
- You may qualify for Medicare benefits before age 65 if you become disabled and meet Social Security eligibility requirements.

Medicare's Four Parts

Part A - Hospital Insurance
Helps pay for inpatient hospital stays, skilled nursing care (short term), home health care and hospice care. If you don't get premium-free Part A, you pay up to $565/month. If you don't buy Part A when you're first eligible for Medicare (usually when you turn 65), you might pay a penalty.

- **Hospital Stays** – Inpatient room and board, general nursing, meals, and other hospital services and supplies.
- **Skilled Nursing Facility Care** – Inpatient skilled nursing or rehabilitative services. (Custodial Care not covered)
- **Home Health Care** – Part-time skilled nursing care, home health aides, physical and occupational therapy, speech and language pathology.
- **Hospice Care** – For people with terminal illness. This includes medication for symptom control and pain relief.

Hospital inpatient stay, you pay:
• $1,736 deductible per benefit period
• $0 for the first 60 days of each benefit period (after you pay the deductible)
• $434 per day for days 61–90 of each benefit period
• $868 per "lifetime reserve day" after day 90 of each benefit period (up to a maximum of 60 days over your lifetime)
• All costs for each day after day 150 of the benefit period

Skilled Nursing Facility, you pay:
• $0 for the first 20 days of each benefit period
• $217 per day for days 21–100 of each benefit period
• All costs for each day after day 100 of the benefit period

Part A hospital deductible is $1,736.00. Higher-income beneficiaries pay surcharges based on their modified adjusted gross income (MAGI) from two years prior (2024 tax returns).

Part B - Medical Insurance
Helps pay for doctor's services, home health and durable medical equipment. Most people pay the standard Part B monthly premium amount or $202.90. Social Security will tell you the exact amount you'll pay for Part B.

- **Medical Expenses** – Physicians' services, some diagnostic tests, physical, speech therapy, ambulance, etc. Medicare usually pays 80% of the approved amount, beneficiaries pay the difference (20% coinsurance).
- **Home Health Care** – Part-time skilled nursing care, home health aides, physical and occupational therapy, speech and language pathology.
- **Outpatient Hospital Services –** Observation hospital stays, outpatient surgery, diagnostic procedures, emergency room, etc. Costs are a fixed amount, depending on the service.
- **Durable Medical Equipment**
  Walkers, wheelchairs, canes, etc.
- **Annual Part B Deductible** - $283 before original Medicare starts to pay. You pay this deductible once each year.

Part B Medicare (Medical Insurance) Based on Your 2024 Income
(The amounts listed below are for 2024 Modified Adjusted Gross Income)

File Individual Tax Return (Income)	Married Filing Jointly (Income)	Monthly Cost	Part D Extra
Less than or Equal to $109,000	Less than or Equal to $218,000	202.90	$0.00
Less than or Equal to $137,000	Less than or Equal to $274,000	284.10	$14.50
Less than or Equal to $171,000	Less than or Equal to $342,000	405.80	$37.50
Less than or Equal to $205,000	Less than or Equal to $410,000	$527.50	$60.40
Less than or Equal to $500,000	Less than or Equal to $750,000	$648.20	$83.30
Greater than or Equal to $500,000	Greater than or Equal to $750,000	$689.90	$91.00

Part C - Medicare Advantage Health Plans
Plan benefits do not come from Medicare but rather a Medicare replacement/private plan offered by private insurance companies that have contracted with Medicare. With Advantage plans, you

give up your rights to traditional Medicare, and the benefits/funds are assigned to a private insurance company. This combines Part A & Part B and sometimes generally, Part D. When Part C does not cover Part D, it is purchased separately.

- Medicare Health Maintenance Organization (HMO)
- Medicare Preferred Provider Organization (PPO)
- Medicare Private Fee-for-Service (PFFS)
- Medicare Special Needs Plan (SNP)
- Medicare Medical Savings Account (MSA)

You still receive Part A and B. However, Medicare no longer pays your health care bills with all decisions made by the insurance plan.

- May charge additional premium for plan, many do.
- Premiums can range from $0 to $180/month.
- Medications can be included in a Medicare Advantage plan.

May charge deductibles, then usually fixed co-pays such as a $20 fee for a visit to the physician or a co-pay for the first several days of a hospital stay (instead of Medicare Part B or Part A inpatient deductible).

Part D - Prescription Drug Coverage
Offered by private companies that have contracted with Medicare. Medicare Part A & Part B is often referred to as “original” Medicare. Keep in mind that original Medicare was not designed to cover all medical expenses. Secondary health insurance policies through private companies offer Medicare Supplement coverage to help pay for some costs that original Medicare (Part A & Part B) does not cover (Medigap – a term also used to describe Medicare supplement coverage).

Out-of-Pocket Drug Spending
The annual out-of-pocket spending limit for prescription drugs for 2025 will be $2,000. This means that after paying a deductible of $590, enrollees will pay 25% of drug costs until they reach the $2,000 limit. Once the limit is reached, enrollees will enter the Catastrophic Coverage Phase and won't pay any additional out-of-pocket costs for prescription drugs.

There Are a Variety of Health Care Options for You to Choose From

The Original Medicare Plan
This plan is available everywhere in the U.S. It is the way most people get their Medicare Part A and Part B benefits. You may choose to visit any doctor, specialist or hospital that accepts Medicare. Costs are divided between Medicare and yourself. Some things are not covered, such as prescription medication. Broadly, Medicare pays 80% of the approved medical expenses incurred and you are responsible for the remaining 20%. Typically, a Medicare supplement will be obtained to cover the 20% - see below.

Medicare Managed Care Plans – Advantage Plans
These plans include health care choices such as HMO’s and PPO’s, etc. In most plans, you can only go to doctors, specialists, or hospitals that are part of the plan network. These plans must cover all of Medicare Part A & B benefits. Some plans do cover extras, such as prescription medications.

Private Fee-For-Service Plans – Medicare Supplements
These plans allow you to visit any doctor, specialist, or hospital of your choosing. The plan must

cover all Medicare Part A & B benefits. Some plans do cover extras, such as extra extended days in the hospital. The plan dictates how much you must contribute.

Elderwerks Educational Services
251 E. Northwest Highway
Palatine, IL 60067
847-462-0885 | www.Elderwerks.org

Elderwerks is a not-for-profit 501(c)3 organization offering complimentary information, referrals, and guidance for all types of senior housing, care, services, and benefits. We act as “Senior Guidance Advisors.”

Call us for your free personal assistance.