



Medicare is the government program that began in 1965 to provide medical coverage to people age 65 and older regardless of income. Throughout the years, the program has been expanded to include people younger than age 65 if they have qualifying disabilities. Today, more than 60 million Americans are enrolled in the Medicare program.

Medicare coverage is divided into four main parts: Part A, Part B, Part C and Part D. Parts A and B are sometimes called original Medicare and are administered by the government. Parts C and D were added later and are administered through private insurers approved by Medicare.

## **Part A: Hospital Benefit**

Medicare Part A helps pay for the costs of inpatient care in the hospital and short-term skilled nursing facilities. It also pays for some home health services and hospice care, if the conditions for coverage are met. Under Part A, beneficiaries are responsible for a deductible and coinsurance for certain types of inpatient stays. Part A typically covers the following:

- Hospital care
- Some nursing home care
- Home health services
- Skilled nursing facility care
- Hospice

## **Part B: Medical Benefit**

Medicare Part B covers doctor appointments, outpatient care and medications that are administered by a physician. These medications, many of which are administered via injection or an IV infusion, are typically used to treat complex and serious conditions like cancer, arthritis or immune disorders. Under Part B, beneficiaries are responsible for a deductible, and most beneficiaries pay 20 percent coinsurance for Part B services. Part B typically covers the following:

- Doctors visits
- Ambulance services
- Getting a second opinion before surgery
- Preventive care
- Durable medical equipment
- Limited outpatient prescription drugs
- Lab tests
- Mental health services
- X-rays

### **Part C: Medicare Advantage**

Medicare Part C – also known as Medicare Advantage – consists of health plans, such as Health Maintenance Organizations or Preferred Provider Organizations, administered by private insurers. These plans are required to cover the same services covered by Medicare Parts A and B, and some plans may cover things Medicare does not, such as dental or vision coverage. Enrollees in Medicare Advantage must already be eligible for Medicare Parts A and B. Some Medicare Advantage plans may also provide prescription drug benefits (explained in more detail below). You can sign up for a Medicare Advantage plan when you're first eligible for Medicare or during the annual Open Enrollment Period (Jan. 1- Mar. 31 every year). Beneficiaries enrolled in a Medicare Advantage plan pay a monthly premium for their coverage and out of pocket copayments, coinsurances, and deductibles continue to apply as well.

Beneficiaries choosing to access their Medicare services through a Medicare Advantage plan need to use doctors, hospitals, and other providers considered in-network to their specific plan or they pay more or all the costs. 20 million beneficiaries were enrolled in Medicare Advantage plans in 2019.

### **Part D: Prescription Drug Benefit**

Medicare Part D was created as part of the Medicare Modernization Act of 2003 and formally implemented in 2006. Part D covers outpatient prescription drugs through private plans that are approved by Medicare. These plans can be offered as stand-alone plans for beneficiaries enrolled in Part A and Part B, or combined with a Medicare Advantage plan. Beneficiaries pay monthly premiums and cost sharing for their medicines. Medicare beneficiaries must opt in for Part D coverage and can choose or change plans each year during the Open Enrollment Period (Oct. 15 – Dec 7). During this time, beneficiaries compare the plans available in their state and choose the coverage that best fits their specific health and financial needs. This open marketplace creates competition between plans and incentives for insurers to keep coverage broad and prices low. These savings can be passed to beneficiaries in the form of lower copays, deductibles or premiums in their Part D plans. CMS reviews and approves these plans and generates a national average bid amount. Individual plan premiums are determined by comparing each plan's bid to the national average bid.

Additional financial assistance is available to beneficiaries with modest incomes and resources through a program known as Extra Help or the low-income subsidy. In 2019, 45 million Medicare beneficiaries have prescription drug coverage under a Medicare Part D plan.

### **Medigap**

Medigap is Medicare supplemental insurance. Sold by private insurance companies, they can help pay some of the healthcare costs ("gaps") Original Medicare doesn't cover, such as Medicare deductibles, coinsurance and some extra benefits such as care when you travel outside the U.S.

To buy a Medigap policy you must access Medicare benefits through Original Medicare, not Medicare Advantage. It is also important to know that a Medigap policy only covers the individual (not a spouse), so if both want this supplemental coverage, separate policies must be purchased.