

# Understanding the Parts of Medicare and Your Costs

Medicare is a government health plan that covers people<sup>1</sup>:

- Aged 65 or older
- Under age 65 with disabilities
- Any age with end-stage renal (kidney) disease or amyotrophic lateral sclerosis (ALS)

## Different Types of Medicare Plans<sup>1</sup>



### PART A: Hospital Insurance

**Covers:** Inpatient care, skilled nursing facilities, hospice care and home health care.

### PART B: Medical Insurance


**Covers:** Doctor's services, medicines given at your doctor's office (such as infusions or injections), outpatient and home health care, durable medical equipment and preventative services. If you have a Medicare Fee-for-Service plan (Original Medicare), you can buy a Medigap plan from a private insurance company to help with Part A and Part B costs.

### PART C: Medicare Advantage

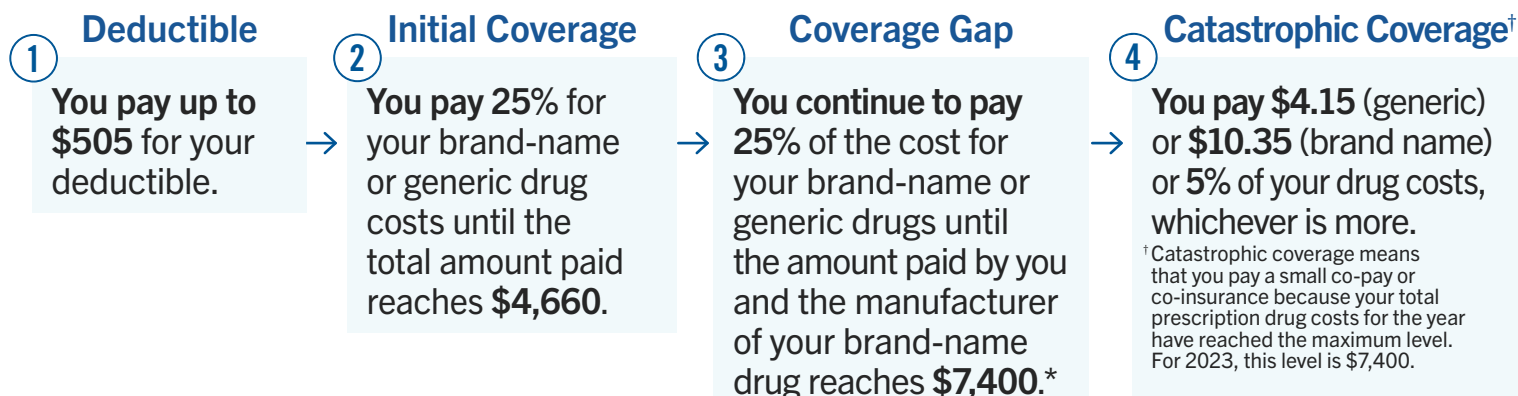
**Covers:** Everything covered by Medicare Part A and Part B. Usually, it also covers your prescription drugs (Part D).

### PART D: Prescription Drug Coverage

**Covers:** Prescription drugs that you take by mouth or inject yourself.

 The amount you pay in premiums, deductibles, co-insurance and co-pays varies, depending on the plan you are enrolled in. Visit <https://www.medicare.gov/basics/costs/medicare-costs> to see basic cost details for Parts A, B, C and D.

## Sample Costs for Medicare Part D<sup>2</sup>



\*This amount includes the costs you pay and the costs covered by the manufacturer of your brand-name drug. It does not include the amount Medicare pays for your generic drugs.

<sup>†</sup>Catastrophic coverage means that you pay a small co-pay or co-insurance because your total prescription drug costs for the year have reached the maximum level. For 2023, this level is \$7,400.

# Understanding the Parts of Medicare and Your Costs (cont)

## Low-Income Subsidy (LIS) or “Extra Help”<sup>3,4</sup>


The Extra Help program helps people with limited income and resources pay Medicare Part D drug costs. It can help with the **premiums, deductibles and out-of-pocket costs** for your prescription drugs.


You qualify automatically if you have Medicare and also:


- Have full Medicaid coverage
- Get help for your Part B costs from a Medicare Savings Program
- Get Supplemental Security Income (SSI) benefits


If you don't qualify automatically, you may need to apply.


## Key Words and Definitions

 **Out-of-pocket costs:** The amount not paid by the health insurance plan that you must pay for your treatment. This includes premiums, deductibles, co-pays and co-insurance.

 **Premium:** The amount you pay your health insurance plan for coverage. How often you pay this amount can vary. For example, you might pay every month. You may also have other costs, like deductibles and co-pays.

 **Deductible:** The amount you pay for health care services or medicines out of pocket before your health insurance plan begins to pay.

 **Co-pay:** An amount you have to pay for health care services or medicines. You pay this amount after you pay your deductible. A co-pay is usually a set amount, such as \$10.

 **Co-insurance:** An amount you have to pay for health care services or medicines. You pay this amount after you pay your deductible. Co-insurance is usually a percentage, such as 20%.

## Where to Get More Information



### MEDICARE AND LIS/EXTRA HELP

- 1-800-MEDICARE (1-800-633-4227)
- TTY: 1-877-486-2048
- [Medicare.gov](https://www.medicare.gov)

### SOCIAL SECURITY

- 1-800-772-1213
- TTY: 1-800-325-0778
- [ssa.gov](https://www.ssa.gov)
- Visit your local Social Security office

**References:** 1. Kaiser Family Foundation. An overview of Medicare. Issue brief. February 13, 2019. Accessed April 11, 2023. <https://www.kff.org/medicare/issue-brief/an-overview-of-medicare/> 2. Kaiser Family Foundation. An overview of the Medicare Part D prescription drug benefit. Fact sheet. October 19, 2022. Accessed April 11, 2023. <https://www.kff.org/medicare/fact-sheet/an-overview-of-the-medicare-part-d-prescription-drug-benefit/> 3. Centers for Medicare & Medicaid Services. *Medicare & You 2023*. CMS; December 2022. CMS product no. 10050. Accessed April 11, 2023. <https://www.medicare.gov/Pubs/pdf/10050-medicare-and-you.pdf> 4. Social Security Administration. *Understanding the Extra Help With Your Medicare Prescription Drug Plan*. SSA; February 2023. Publication 05-10508. Accessed April 11, 2023. <https://www.ssa.gov/pubs/EN-05-10508.pdf>