
With its four distinct parts, Medicare can be an alphabet soup of complexity. We provide an overview of the various components and how they impact your healthcare costs.

Medicare is available to virtually all U.S. citizens and legal residents 65 years of age and over who have previously worked and paid U.S. taxes or who are/were married to someone who did. There are four key parts to Medicare — Parts A, B, C, and D. To maximize coverage and benefits, it is critical to understand the features of each.

Medicare Parts A and B are referred to as Original Medicare

Medicare Part A: Hospital Insurance

This insurance helps cover hospital stays and skilled nursing care after a hospital care. It may even help cover hospice care and professional care for the homebound. As long as you or your spouse have made contributions to Social Security for at least 10 years, you will not pay a premium for Part A. However, if you haven't paid contributions, you will pay a monthly premium. Other features include:

- Choose any qualified provider in the U.S. who is seeing new patients.
- There are coverage limits, and you may incur out-of-pocket costs (for instance, if you are hospitalized for more than 90 days at a time).
- Doctor services provided during a hospital stay are not covered.
- You must pay a deductible before Part A pays for your costs. In 2021, the deductible is \$1,484 for each benefit period.
- You may also incur coinsurance costs. For 2021, the coinsurance was \$371 per day of each benefit period for days 61-90 and \$742 for days 91 and beyond.

Medicare Part B: Medical Insurance

This insurance covers doctor visits and other medical services, such as outpatient care at hospitals, laboratory tests, and some nursing care. Key features of Part B coverage include:

- Choose any qualified provider in the U.S. who is seeing new patients.
- There are coverage limits on a few services, such as occupational therapy.
- Part B may not cover vision, dental, or hearing services. It may not cover assistance with bathing or getting dressed, either.
- Most people pay a premium for Part B coverage. If you receive Social Security, this will be deducted from your benefits. In 2021, the standard premium is \$148.50.

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- You must pay a deductible and coinsurance. For 2021, the deductible is \$203 and coinsurance is typically 20% of the Medicare-approved amount for services, outpatient therapy, and certain medically equipment.

Medicare Part C: Medicare Advantage (private)

These plans are offered by private insurance companies and pay for certain hospital costs, doctor visits and other services. Part D coverage may also be included in these plans.

- Some plans allow you to choose a primary care doctor, while others allow you to go to any Medicare provider.
- Coverage limits vary by plan.
- Part C coverage generally covers Original Medicare except for hospice care, which is covered under Part A.
- Holders of Part C plans must continue to pay their Part B premium. Part C plans may have their own premiums.
- Deductibles, copays and co-insurance vary by plan, while all place limits on your out-of-pocket expenses.

Medicare Part D: Prescription Drugs

Plan D applies to prescription drug coverage and is sold by private insurance companies. Coverage varies according to plan, with pricing options that can be complex.

- Many plans have coverage gaps, during which they may not cover all drug costs. Check the terms of any plan that you are reviewing. For instance, during a recent year, after a beneficiary and the insurer paid \$3,820 for prescription drugs during a benefit period, the beneficiary was required to pay 47.5% of the plan's covered drugs until the out-of-pocket expenses totaled \$5,100. After that point, catastrophic coverage kicked in.
- Some Medicare Advantage plans include Part D coverage; check to be sure.
- Plans may restrict which pharmacies you can use.
- Coverage limits vary, with each offering various levels of copays.
- Plans also vary as to coverage and exclusions.
- Monthly premiums vary, as do deductibles and copays.

Medicare details are confusing and complex. Check with your financial professional for guidance. For the most up-to-date information, visit the Medicare website ([medicare.gov](https://www.medicare.gov)). This material is for general information only and is not intended to provide specific advice or recommendations for any individual. This material was prepared by LPL Financial, LLC