

# The A, B, C, & D of Medicare

*Breaking down the basics.*

Provided by Ron Richards

Whether your 65<sup>th</sup> birthday is on the horizon or decades away, understanding the different parts of Medicare is critical, as this government-sponsored program may play a role in your future health care decisions.

**Parts A & B: Original Medicare.** There are two components. In general, Part A covers inpatient hospital care, skilled nursing facility costs, hospice, lab tests, surgery, and some home health care services. One thing to keep in mind is that, while very few beneficiaries must pay Part A premiums out of pocket, annually adjusted standard deductibles still apply.<sup>1,2</sup>

Many pre-retirees are frequently warned that Medicare will only cover a maximum of 100 days of nursing home care (provided certain conditions are met). Part A is the one with these provisions. Under the current Part A rules, you would pay \$0 for days 1-20 of care in a skilled nursing facility (SNF). During days 21-100, a \$176 daily coinsurance payment may be required of you.<sup>1,2</sup>

Knowing the limitations of Part A, some people look for other choices when it comes to managing the costs of extended care.

Part B covers physicians' fees, outpatient hospital care, certain home health services, durable medical equipment, and other offerings not covered by Medicare Part A.<sup>3</sup>

Part B does come with some costs, however, which are adjusted annually. The premiums vary, according to the Medicare recipient's income level, but the standard monthly premium amount is \$144.60 for 2020, and the current yearly deductible is \$198.<sup>1</sup>

**Part C: Medicare Advantage plans.** Sometimes called "Medicare Part C," Medicare Advantage (MA) plans are often viewed as an all-in-one alternative to Original Medicare. MA plans are offered by private companies approved by the federal government. Although these plans come with standardized minimum coverage, the amount of additional protection offered can differ drastically from one person to the next. This is due to unique provider networks, premiums, copays, coinsurance, and out-of-pocket spending limits. In other words, comparing prices and services offered from different vendors may be the best way to find a Medicare Advantage plan that works for you.<sup>3</sup>

**Part D: Prescription drug plans.** While Medicare Advantage plans often offer prescription drug coverage, insurers also sell federally standardized Medicare Part D plans as a standalone product to those with Medicare Part A and/or Part B. Every Part D plan has its own list (i.e., a

“formulary”) of covered medications. Visit Medicare.gov to explore the formulary of approved drugs for your Part D plan as well as their prices, organized by tier.

In fact, Medicare.gov is a great place to start all your research. Once there, you’ll find answers to your most common questions and more information on the different Medicare plans offered in your area.<sup>4</sup>

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**Citations.**

1. CMS.gov, November 8, 2019
2. Medicare.gov, 2020
3. Medicare.gov, 2020
4. Medicare.gov, 2020