



CALIFORNIA HEALTH ADVOCATES

## Medicare: An Overview

**Medicare** is a Federal health insurance program. It covers most people 65 years old and over, some people younger than 65 with disabilities, people diagnosed with amyotrophic lateral sclerosis (ALS), and those with end-stage renal disease (ESRD).

Medicare has 4 parts. This fact sheet discusses Part A (Hospital Insurance) and Part B (Medical Insurance). For more information on Medicare Part C (Medicare Advantage plans) and Part D (the prescription drug benefit), please see our fact sheets, Medicare Advantage: An Overview and Medicare Part D: An Overview at [cahealthadvocates.org](http://cahealthadvocates.org). You can also see our Medicare Topics sections on Medicare Advantage and Prescription Drugs at [cahealthadvocates.org](http://cahealthadvocates.org).

### Part A: Hospital Insurance

Part A covers most in-patient hospital care, some in-patient skilled nursing facility care, some home health care, and hospice care.

For people who become eligible for Medicare based on age, there is no monthly Part A premium if they have 40 or more quarters of Social Security credits (about 10 years of full-time work with 4 quarters per year) and who are eligible for Social Security or Railroad Retirement benefits. People with 30-39 Social Security quarters may buy Part A and pay a monthly premium of \$259. People with fewer than 30 Social Security quarters may purchase Part A and pay a monthly premium of \$471 in 2021.

For people younger than 65 who become eligible for Medicare based on disability, there is no Part A premium. However, if they return to work and earn income above a certain amount, they may keep Part A by paying the premium.

For people who qualify for Medicare based on ESRD, there is no premium for Part A.

### Part B: Medical Insurance

Part B covers a portion of the Medicare approved costs for outpatient medical services such as doctors' services, outpatient hospital care, laboratory tests, outpatient physical and speech therapy, some home health care, ambulance services, and some medical equipment and supplies.

*Part B coverage is optional. If you are covered by an employer group health plan (based on current employment), you may not need this part of Medicare until the employer-sponsored coverage ends. (See our Medicare Topics Section, "Other Health Insurance" at [cahealthadvocates.org](http://cahealthadvocates.org).)*

The standard Medicare Part B premium for 2021 is \$148.50, an increase from \$144.60 in 2020. Most people will pay the standard Part B premium amount. A small percentage of Medicare beneficiaries will pay less than the standard premium because the annual increase to their Social Security benefits is not large enough to cover the full Part B premium increase. Roughly 7% of Medicare beneficiaries have higher incomes and will pay higher Part B premiums (see table, page 3).

Medicare does not offer comprehensive coverage. Even though it pays for many preventive services at no cost-sharing and covers most medically necessary services, beneficiaries still must pay deductibles and coinsurance, plus the cost of items/services that Medicare does not cover.

Some examples of items that Medicare does not pay for are: hearing aids, eyeglasses (except after cataract surgery), dental care, and long-

term care at home or in a nursing home, when the primary need is for help with personal care

services (assistance with activities of daily living).

## ORIGINAL MEDICARE BENEFITS & COST-SHARING FOR 2021

The tables below show premiums, deductibles, copay and coinsurance amounts for Original Medicare for 2021. (Beneficiaries in Medicare Advantage plans do not pay these same cost-sharing amounts but instead may pay different amounts established by their Medicare Advantage plan.)

Service Provided	Medicare Pays	You Pay
<b>Part A: Hospital Insurance</b>		
<b>Hospital Inpatient</b>		
Days 1-60	Everything after deductible	\$1,484.00 deductible
Days 61-90	Everything after copayment	\$371.00 per day copayment
60 Reserve Days <sup>1</sup>	Everything after copayment	\$742.00 per day copayment
Beyond 150 Days	Nothing	All costs for each day beyond 150 Days
<b>Psychiatric Hospital</b>	Same as hospital inpatient but with a 190-day lifetime limit	All costs after 190 days
<b>Skilled Nursing Facility (SNF)</b> (if daily skilled care is needed after a 3-day inpatient hospital stay)		
Days 1-20	All	Nothing
Days 21-100	All after copayment	\$185.50 per day copayment
After 100 Days	Nothing	All
<b>Home Health Care</b>	All except 20% of covered medical equipment	20% of Medicare-approved amount for medical equipment
<b>Hospice</b> (care of terminal illness)	All except ≤\$5 per prescription <sup>2</sup> and 95% of Medicare approved amount for respite care	Copayment of ≤\$5 per prescription <sup>2</sup> and 5% of the Medicare payment for respite care, not to exceed \$1,484.00
<b>Blood</b> (received during hospital or SNF stay)	After 3 pints of blood	The first 3 pints of blood each year

1 - Each of the 60 reserve days may be used only once in an individual's lifetime.

2 – Prescriptions for pain relief or symptom control.

Service Provided	Medicare Pays	You Pay
<b>Part B: Medical Insurance</b>		
<b>Monthly Premium</b> This is the amount of the monthly Part B premium for individuals who have an annual income ≤\$88,000, or ≤\$176,000 for couples.		\$148.50 <sup>1</sup>
For individuals with incomes >\$88,000 and ≤ \$111,000, or couples with incomes >\$176,000 and ≤\$222,000		\$207.90
For individuals with incomes >\$111,000 and ≤\$138,000 or couples with incomes >\$222,000 and ≤\$276,000		\$297.00
For individuals with incomes >\$138,000 and ≤\$165,000, or couples with incomes >\$276,000 and ≤\$330,000		\$386.10
For individuals with incomes >\$165,000 and <\$500,000, or couples with incomes >\$330,000 and <\$750,000		\$475.20
For individuals with incomes ≥\$500,000 or couples with incomes ≥\$750,000		\$504.90
<b>Annual Deductible</b>		\$203.00 <sup>2</sup>
<b>Physician Costs</b>	80% of approved amount	20% of approved amount <sup>3</sup>
<b>Outpatient Hospital Care</b>	≤80% of approved amount	≥20%, up to maximum of \$1,484.00
<b>Clinical Lab Services</b>	Approved amount	Nothing
<b>Medical Equipment/Supplies</b>	80% of approved amount	All other costs
<b>Preventive Services</b> (depending on the service, some are covered according to a time schedule, i.e. once a year)	80% or 100%	20% of approved amount or nothing, depending on the service
<b>Mental Health Services</b>		
• <b>Psychiatric Hospitalization</b>	Same as inpatient hospital	See above under Part A
• <b>Outpatient</b>	80% of approved amount	20% of approved amount

1 – As mentioned on page 1, most Medicare beneficiaries will pay \$148.50 for their Part B premium in 2021.

2 – Beneficiaries in Medicare Advantage plans do not pay the Part B annual deductible. Medigap Plans C and F coverage include the Part B annual deductible as a benefit.

3 – A doctor or supplier who does not accept assignment may charge up to an additional 15% of the Medicare approved amount.

The Health Insurance Counseling and Advocacy Program (HICAP) provides free, objective information and counseling on Medicare and other related topics. You can call **1-800-434-0222** with your questions or to make an appointment at the HICAP office nearest you. To find the HICAP office in your area, visit [cahealthadvocates.org](http://cahealthadvocates.org). Note: Online access to all 30+ CHA fact sheets on Medicare and related topics is available for an annual subscription. See [cahealthadvocates.org/fact-sheets/](http://cahealthadvocates.org/fact-sheets/).