



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 Overview and Part D Overview at 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.

There is no monthly Part A premium for people who 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 \$248. People with fewer than 30 Social Security quarters may purchase Part A and pay a monthly premium of \$450 in 2011.

Part B: Medical Insurance

Part B covers a portion of the Medicare approved costs for out-patient 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 or your spouse is still working and you are covered by your employer group health plan, you may not need this part of Medicare until you or your spouse retires. (See our fact sheet: "Coverage While You or Your Spouse Works.")

The Medicare Part B premium in 2011 is \$115.40 but 73% of Medicare beneficiaries continue to pay the amounts they were previously paying (either \$110.50 in 2010 or \$96.40 in 2009). These beneficiaries do not have to pay a higher premium because they did not receive a cost of living adjustment (COLA) in their Social Security benefits for 2010 or 2011. Unless Congress acts, the remaining 27% of Medicare beneficiaries are charged a higher premium. They include:

- newly eligible beneficiaries (whose Medicare becomes effective January 1, 2011 or later);
- beneficiaries with higher income (see table below); and
- beneficiaries who do not have their Part B premium deducted from their Social Security check, which includes beneficiaries who also qualify for Medi-Cal or a Medicare Savings Program (because Medi-Cal pays the Part B premium).

Medicare does not offer comprehensive coverage. Even though it pays for many preventive services and covers most medically necessary services, beneficiaries still have to 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, dental care and long-term care at home or in a nursing home, when the care needed is primarily custodial care or personal care services.

Summary of Medicare Benefits & Cost-Sharing for 2011

Service Provided	Medicare Pays	You Pay
Part A: Hospital Insurance		
Hospital Inpatient		
Days 1-60	Everything after deductible	\$1,132 deductible
Days 61-90	Everything after copayment	\$283 per day copayment
60 Reserve Days_	Everything after copayment	\$566 per day copayment
Beyond 150 Days	Nothing	All costs for each day beyond 150 Days
Psychiatric Hospital	Same as hospital inpatient but 190 day lifetime limit	All costs after 190 days
Skilled Nursing Facility (SNF) (if daily skilled care is needed after a 3 day hospital stay)		
Days 1-20	All	Nothing
Days 21-100	All after copayment	\$141.50 per day copayment
After 100 Days	Nothing	All
Home Health Care	All except 20% of covered medical equipment	20% of Medicare-approved amount for medical equipment
Hospice (care of terminal illness)	All except \$5 per prescription and 95% of Medicare approved amount for respite care per day	Copayment of \$5 per prescription and 5% of the Medicare payment for a respite care day, not to exceed \$1,132
Blood (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.

Service Provided	Medicare Pays	You Pay
Part B: Medical Insurance		
Monthly Premium This is the amount of the monthly Part B premium for individuals who have an annual income ≤\$85,000, or ≤\$170,000 for couples.		\$115.40 ²
For individuals with incomes >\$85,000 and ≤ \$107,000, or couples with incomes >\$170,000 and ≤\$214,000		\$161.50
For individuals with incomes >\$107,000 and ≤\$160,000 or couples with incomes >\$214,000 and ≤\$320,000		\$230.70
For individuals with incomes >\$160,000 and ≤\$214,000, or couples with incomes >\$320,000 and ≤\$428,000		\$299.90
For individuals with incomes >\$214,000 and couples with incomes >\$428,000		\$369.10
Annual Deductible		\$162/year
Physician Costs	80% of approved amount	20% of approved amount ³
Outpatient Hospital Care	80% of approved amount	A maximum of \$1,132
Clinical Lab Services	Approved amount	Nothing
Medical Equipment/Supplies	80% of approved amount	All other costs
Preventive Services (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
Mental Health Services		
• Partial Hospitalization	Same as inpatient hospital	See above under Part A
• Outpatient	55% of approved amount	45% of approved amount

2 – 73% of beneficiaries in this income category will not pay the increased premium. Their Part B monthly premium will remain at either the \$110.50 amount for 2010 or the \$96.40 amount for 2009. The other 27% will be charged higher premiums for 2011. See p.1 for more information.

3 – Plus up to an additional 15% of the Medicare approved amount if the doctor or supplier does not accept assignment.

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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.