**Medicare Program - General Information**

**Medicare is a health insurance program for:**

* People age 65 or older.
* People under age 65 with certain disabilities.
* People of all ages with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a kidney transplant).

**Medicare has different parts that help cover specific services:**

**Medicare Part A (Hospital Insurance)**

Part A helps cover inpatient care in hospitals, including critical access hospitals, and skilled nursing facilities (not custodial or long-term care). It also helps cover hospice care and some home health care. Beneficiaries must meet certain conditions to get these benefits. Most people don't pay a premium for Part A because they or a spouse already paid for it through their payroll taxes while working.

***Part A costs***

**Premium-free Part A**

You usually don't pay a monthly [premium](https://www.medicare.gov/your-medicare-costs/part-a-costs) for [Medicare Part A (Hospital Insurance)](https://www.medicare.gov/your-medicare-costs/part-a-costs) coverage if you or your spouse paid Medicare taxes for a certain amount of time while working. This is sometimes called "premium-free Part A."

Most people get premium-free Part A.

You can get premium-free Part A at 65 if:

* You already get retirement [benefits](https://www.medicare.gov/your-medicare-costs/part-a-costs) from Social Security or the Railroad Retirement Board.
* You're eligible to get Social Security or Railroad benefits but haven't filed for them yet.
* You or your spouse had Medicare-covered government employment.

If you're under 65, you can get premium-free Part A if:

* You got Social Security or Railroad Retirement Board disability benefits for 24 months.
* You have [End-Stage Renal Disease (ESRD)](https://www.medicare.gov/your-medicare-costs/part-a-costs) and meet certain requirements.

**Part A premiums**

If you don't qualify for premium-free Part A, you can buy Part A.

If you buy Part A, you'll pay up to $458 each month. If you paid Medicare taxes for less than 30 quarters, the standard Part A premium is $458. If you paid Medicare taxes for 30-39 quarters, the standard Part A premium is $252.

In most cases, if you choose to buy Part A, you must also:

* Have [Medicare Part B (Medical Insurance)](https://www.medicare.gov/your-medicare-costs/part-a-costs)
* Pay monthly premiums for both Part A and Part B

Contact [Social Security](http://www.ssa.gov/) for more information about the Part A premium.

**Part A late enrollment penalty**

Some people have to buy Part A because they don't qualify for premium-free Part A. If you have to buy Part A, and you don't buy it when you're first eligible for Medicare, your monthly premium may go up 10%. You'll have to pay the higher premium for twice the number of years you didn't sign up.

**Medicare Part B (Medical Insurance)**

Part B helps cover doctors' services and outpatient care. It also covers some other medical services that Part A doesn't cover, such as some of the services of physical and occupational therapists, and some home health care. Part B helps pay for these covered services and supplies when they are medically necessary. Most people pay a monthly premium for Part B.

**Part B costs**

Some people automatically get [Medicare Part B (Medical Insurance)](https://www.medicare.gov/your-medicare-costs/part-b-costs), and some people need to sign up for Part B.

If you don't sign up for Part B when you're first eligible, you may have to pay a [late enrollment penalty.](https://www.medicare.gov/your-medicare-costs/part-b-costs/part-b-late-enrollment-penalty)

**Part B premiums**

You pay a premium each month for Part B. Your Part B premium will be automatically deducted from your benefit payment if you get benefits from one of these:

* Social Security
* Railroad Retirement Board
* Office of Personnel Management

If you don’t get these benefit payments, you’ll get a bill.

Most people will pay the standard premium amount. If your modified adjusted gross income is above a certain amount, you may pay an Income Related Monthly Adjustment Amount (IRMAA). Medicare uses the modified adjusted gross income reported on your IRS tax return from 2 years ago. This is the most recent tax return information provided to Social Security by the IRS.

The standard Part B premium amount in 2020 is $144.60. Most people pay the standard Part B premium amount. If your modified adjusted gross income as reported on your IRS tax return from 2 years ago is above a certain amount, you'll pay the standard premium amount and an Income Related Monthly Adjustment Amount (IRMAA). IRMAA is an extra charge added to your premium.

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| If your yearly income in 2018 (for what you pay in 2020) was | | | You pay each month (in 2020) |
| File individual tax return | File joint tax return | File married & separate tax return |
| $87,000 or less | $174,000 or less | $87,000 or less | $144.60 |
| above $87,000 up to $109,000 | above $174,000 up to $218,000 | Not applicable | $202.40 |
| above $109,000 up to $136,000 | above $218,000 up to $272,000 | Not applicable | $289.20 |
| above $136,000 up to $163,000 | above $272,000 up to $326,000 | Not applicable | $376.00 |
| above $163,000 and less than $500,000 | above $326,000 and less than $750,000 | above $87,000 and less than $413,000 | $462.70 |
| $500,000 or above | $750,000 and above | $413,000 and above | $491.60 |

**Part B deductible & coinsurance**

In 2020, you pay $198 for your Part B [deductible](https://www.medicare.gov/your-medicare-costs/part-b-costs). After you meet your deductible for the year, you typically pay 20% of the [Medicare-approved amount](https://www.medicare.gov/your-medicare-costs/part-b-costs) for these:

* Most doctor services (including most doctor services while you're a hospital inpatient)
* Outpatient therapy
* [Durable medical equipment (DME)](https://www.medicare.gov/your-medicare-costs/part-b-costs)

**Part B late enrollment penalty**

If you didn't get Part B when you're first eligible, your monthly premium may go up 10% for each 12-month period you could've had Part B, but didn't sign up. In most cases, you'll have to pay this penalty each time you pay your premiums, for as long as you have Part B. And, the penalty increases the longer you go without Part B coverage.

Usually, you don't pay a late enrollment penalty if you meet certain conditions that allow you to sign up for Part B during a Special Enrollment Period.

**Medicare Part D (Prescription Drug Coverage)**

Medicare prescription drug coverage is available to everyone with Medicare. To get Medicare prescription drug coverage, people must join a plan approved by Medicare that offers Medicare drug coverage. Most people pay a monthly premium for Part D.

**Monthly premium for drug plans**

Most Medicare Prescription Drug Plans charge a monthly fee that varies by plan. You pay this in addition to the Medicare Part B [premium](https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/monthly-premium-for-drug-plans). If you join a [Medicare Advantage Plan (Part C)](https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/monthly-premium-for-drug-plans) or [Medicare Cost Plan](https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/monthly-premium-for-drug-plans) that includes Medicare prescription drug coverage, the plan's monthly premium may include an amount for drug coverage.

**The same insurance company may offer Medigap policies and Medicare Prescription Drug Plans.**

If you join a Medigap policy and a Medicare drug plan offered by the same company, you may need to make 2 separate premium payments for your coverage. Contact your insurance company for more details.

**Get your premium automatically deducted**

Contact your drug plan (not Social Security) if you want your premium deducted from your monthly Social Security payment. Your first deduction will usually take 3 months to start, and 3 months of premiums will likely be deducted at once.

After that, only one premium will be deducted each month. You may also see a delay in premiums being withheld if you switch plans. If you want to stop premium deductions and get billed directly, contact your drug plan.

**How much does Part D cost?**

Most people only pay their Part D premium. If you don't sign up for Part D when you're first eligible, you may have to pay a [Part D late enrollment penalty](https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/part-d-late-enrollment-penalty).

If your modified adjusted gross income is above a certain amount, you may pay a Part D income-related monthly adjustment amount (Part D IRMAA). Medicare uses the modified adjusted gross income reported on your IRS tax return from 2 years ago (the most recent tax return information provided to Social Security by the IRS). You'll pay the Part D IRMAA amount in addition to your monthly plan premium, and this extra amount is paid directly to Medicare, not to your plan. The chart below lists the extra amount costs by income.

Social Security will contact you if you have to pay Part D IRMAA, based on your income. The amount you pay can change each year. If you have to pay a higher amount for your Part D premium and you disagree (for example, if your income goes down). If you have questions about your Medicare prescription drug coverage, contact your plan.

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| The extra amount you have to pay isn’t part of your plan premium. You don’t pay the extra amount to your plan. Most people have the extra amount taken from their Social Security check. If the amount isn’t taken from your check, you’ll get a bill from Medicare or the Railroad Retirement Board. You must pay this amount to keep your Part D coverage. You’ll also have to pay this extra amount if you’re in a Medicare Advantage Plan that includes drug coverage. |

If Social Security notifies you about paying a higher amount for your Part D coverage, you’re required by law to pay the Part D-Income Related Monthly Adjustment Amount (Part D IRMAA).  If you don’t pay the Part D IRMAA, you’ll lose your Part D coverage.

**Employer/Union coverage and Part D IRMAA**

| **Note** |
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| **You pay your Part D IRMAA directly to Medicare, not to your plan or employer.**  You’re required to pay the Part D IRMAA, even if your employer or a third party (like a teacher’s union or a retirement system) pays for your Part D plan premiums. If you don’t pay the Part D IRMAA and get disenrolled, you may also lose your retirement coverage and you may not be able to get it back |

**Things to remember**

* Pay your Part D IRMAA bill to Medicare as soon as you get it. Keep your address current with Social Security, even if you don’t get a Social Security check.

**Part D premiums by income**

The chart below shows your estimated prescription drug plan monthly premium based on your income as reported on your IRS tax return. If your income is above a certain limit, you'll pay an income-related monthly adjustment amount in addition to your plan premium.

**2020**

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| --- | --- | --- | --- |
| **If your filing status and yearly income in 2018 was** | | | |
| File individual tax return | File joint tax return | File married & separate tax return | You pay each month (in 2020) |
| $87,000 or less | $174,000 or less | $87,000 or less | your plan premium |
| above $87,000 up to $109,000 | above $174,000 up to $218,000 | not applicable | $12.20 + your plan premium |
| above $109,000 up to $136,000 | above $218,000 up to $272,000 | not applicable | $31.50 + your plan premium |
| above $136,000 up to $163,000 | above $272,000 up to $326,000 | not applicable | $50.70 + your plan premium |
| above $163,000 and less than $500,000 | above $326,000 and less than $750,000 | above $87,000 and less than $413,000 | $70.00 + your plan premium |
| $500,000 or above | $750,000 and above | $413,000 and above | $76.40 + your plan premium |