

An In-Depth Look at Medicare Costs for 2016

Health-care expenses are some of the major financial obligations that you may have to deal with each year, so it may be important for you to figure out how much you'll have to spend on Medicare premiums, deductibles, and other costs. Here's a look at the main out-of-pocket expenses for Medicare in 2016.

Costs for Original Medicare (Part A and Part B)

Original Medicare encompasses Medicare Part A (hospital insurance) and Medicare Part B (medical insurance). Most people don't have to pay a premium for Medicare Part A. They do, however, have to factor in the following Medicare Part A costs for inpatient hospital stays **for each benefit period**. Medicare considers a benefit period to start the day that a hospital or skilled nursing facility (SNF) admits you as an inpatient. The end of the benefit period occurs when you haven't received any inpatient hospital care (or skilled care in an SNF) for 60 consecutive days.

- Deductible: \$1,288
- Coinsurance for days 1 to 60: \$0
- Coinsurance for days 61 to 90: \$322 per day
- Coinsurance for days 91 and beyond: \$644 per day

Note that every Medicare Part A beneficiary is entitled to 60 "lifetime reserve days" as a hospital inpatient. You begin using these reserve days after you spend 90 days as a hospital inpatient within one benefit period. You will pay all costs for days beyond lifetime reserve days.

Medicare Part A (<http://www.medicareconsumerguide.com/medicare-part-a>) also covers qualifying stays in a skilled nursing facility. In 2016, you pay:

- \$0 for the first 20 days of each benefit period
- \$161 per day for days 21-100 of each benefit period
- All costs for each day after day 100 of the benefit period

If you don't qualify for premium-free Medicare Part A, you can enroll in Part A for \$226 per month if you've worked and paid Social Security taxes for 30 to 39 quarters, or \$411 per month if you've worked and paid Social Security taxes for fewer than 30 quarters. Note that beneficiaries who delay enrollment in Medicare Part A after they first become eligible may be subject to a late-enrollment penalty in the form of a higher premium.

Medicare Part B has an annual deductible (\$166 in 2016). The deductible amount is the same across the board for all Medicare Part B beneficiaries, but the monthly premium depends on your situation .

- If you were enrolled in Medicare Part B prior to 2016, your 2016 monthly premium is generally \$104.90.
- Your 2016 monthly premium is typically \$121.80 if any of the following is true for you:

- You enrolled in Medicare Part B in 2016 for the first time.
- You don't receive Social Security benefits.
- You get a bill for the Part B premium. If your premium is automatically deducted from your Social Security benefits, you wouldn't get a bill.
- You qualify for both Medicare and Medicaid benefits, and Medicaid pays for your premiums. This is called being "dual-eligible."
- Your income exceeds a certain dollar amount. Your premium could be higher than the amount listed above, as there are different premiums for different income levels.

For more details about the Medicare Part B premium, see [How Your Income May Affect Your Medicare Costs \(http://www.medicareconsumerguide.com/income-and-medicare-premiums\)](http://www.medicareconsumerguide.com/income-and-medicare-premiums).

If you receive Railroad Retirement Board benefits, see RRB information (<https://www.rrb.gov/opa/pr/pr1510.asp>) about your Part B premium.

Here's your monthly Medicare Part B (<http://www.medicareconsumerguide.com/medicare-part-b>) premium amount for 2016 if you filed an individual tax return for your yearly income in 2014:

- Annual income \$85,000 or less: \$104.90 (\$121.80 if the conditions above apply to you)
- Annual income \$85,001-\$107,000: \$170.50
- Annual income \$107,001-\$160,000: \$243.60
- Annual income \$160,001-\$214,000: \$316.70
- Annual income above \$214,000: \$389.80

If you filed a joint return for your yearly income in 2014, your monthly Medicare Part B for 2016 is as follows:

- Annual income \$170,000 or less: \$104.90 (\$121.80 if the conditions above apply to you)

- Annual income \$170,001-\$214,000: \$170.50
- Annual income \$214,001-\$320,000: \$243.60
- Annual income \$320,001-\$428,000: \$316.70
- Annual income above \$428,000: \$389.80

If you're married but filed a separate tax return from your spouse for your yearly income in 2014, you will pay the following Medicare Part B monthly premium in 2016:

- Annual income \$85,000 or less: \$104.90 (\$121.80 if the conditions above apply to you)
- Annual income \$85,001-\$129,000: \$316.70
- Annual income above \$129,000: \$389.80

Costs for Medicare Advantage (Medicare Part C)

Premiums and deductibles for Medicare Advantage plans (<http://www.medicareconsumerguide.com/medicare-part-c>) vary depending on which plan you choose. In brief, Medicare Advantage plans are offered by private health insurance companies contracted with the Centers for Medicare & Medicaid Services (CMS) to provide your benefits, and it is required by law to offer at least the same coverage as Original Medicare (with the exception of hospice care (<http://www.medicareconsumerguide.com/hospice>), which is still covered under Medicare Part A). Some plans offer extra coverage (routine dental (<http://www.medicareconsumerguide.com/medicare-dental>) or vision services (<http://www.medicareconsumerguide.com/medicare-vision>), for example).

Costs for Medicare Supplement (Medigap)

Those who need help paying for such health-care costs as deductibles, premiums, and other Original Medicare expenses may want to purchase a Medicare Supplement plan, also known as Medigap (<http://www.medicareconsumerguide.com/medigap>) plan. There are 10 standardized Medigap plans (<http://www.medicareconsumerguide.com/medicare-supplement-medigap-plan-coverage-table>) in most states, and while a Medigap plan of a certain letter name includes the same benefits nationwide, their availability may vary according to the area in which you live. (For example, a Medigap Plan N in Nevada carries the same benefits as a Plan N in Georgia, but Plan N might not be available in your zip code.) Like Medicare Advantage, Medigap is private insurance, so costs vary depending on which company and which specific plan you choose.

Here is some cost information about certain Medigap plans for 2016:

- Medigap Plan K out-of-pocket annual maximum: \$4,960
- Medigap Plan L out-of-pocket annual maximum: \$2,480
- Medigap Plan F high-deductible plan annual deductible: \$2,180
- Medigap Plan N copayment for emergency room visits: up to \$50
- Medigap Plan N copayment for office visits: up to \$20

Costs for Medicare Part D

Medicare Part D (<http://www.medicareconsumerguide.com/medicare-part-d>) benefits are offered by private Medicare-approved insurance companies offering prescription drug coverage. Costs for Medicare Part D may vary among plans. In 2016, the maximum deductible amount you will pay for any Medicare Part D Prescription Drug Plan is \$360 per year. But be aware that you may be subject to a late-enrollment penalty (<http://www.medicareconsumerguide.com/medicare-late-enrollment-penalty>) if you fail to sign up for Medicare Part D coverage during your Initial Enrollment Period (<http://www.medicareconsumerguide.com/medicare-enrollment-periods>) and remain without creditable drug coverage for 63 days or more. The late enrollment penalty is equal to the number of months you went without creditable coverage multiplied by 1% of the national base beneficiary premium, which is \$34.10 in 2016. That figure is then rounded up to the nearest \$0.10 and added to your Medicare Prescription Drug Plan (or Medicare Advantage Prescription Drug plan) monthly premium.

Most Medicare Prescription Drug Plans limit the amount that they will pay for prescription drugs in a single year. Once you and your plan have spent \$3,310 on drugs in 2016, you will have reached the coverage gap (<http://www.medicareconsumerguide.com/medicare-part-d-donut-hole-explained>). While in the coverage gap, you may have to pay:

- 45% of your plan's cost for covered brand-name drugs
- 58% of your plan's cost for covered generic drugs

To learn more about your Medicare plan options, you can call one of eHealth's licensed insurance agents by calling the number shown below. Or, just enter your zip code into the form on this page to start comparing plans.

To learn about Medicare plans you may be eligible for, you can:

- Contact the Medicare plan directly.
- Call 1-800-MEDICARE (1-800-633-4227), TTY users 1-877-486-2048; 24 hours a day, 7 days a week.
- Contact a licensed insurance agency such as Medicare Consumer Guide's parent company, eHealth.

- Call eHealth's licensed insurance agents at 888-391-2659, TTY users 711. We are available Mon - Fri, 8am - 8pm ET. You may receive a messaging service on weekends and holidays from February 15 through September 30. Please leave a message and your call will be returned the next business day.
- Or enter your zip code where requested on this page to see quote.