

# How Much Does Medicare Cost?

By [Beth Braverman](#) | Last updated June 22nd, 2020 | [Getting Started With Medicare](#) Reviewed by [Diane Omdahl](#)

## Get More Coverage

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Paying for health insurance is a large part of most people's budgets, and it's not a cost that goes away once you reach 65 and can get insurance through Medicare. Knowing how much you'll pay for Medicare is key to making sure you have the funds to cover those expenses. But since there are several different parts of Medicare, which you can purchase individually, the total cost of Medicare can vary significantly.

## How much does Medicare cost?

The amount of money you'll need to spend on Medicare depends on several factors, including the type of coverage you choose, when you enroll, your annual income, the amount of medical services you need, and whether you have other health insurance. Your costs include your premiums (monthly payments), deductible (the amount you pay before insurance kicks in), and coinsurance or copayments (the amount you owe a medical provider or prescription drug seller after Medicare has paid its portion).

## What are costs for Medicare Part A?

Medicare Part A, hospital insurance, is part of Original Medicare and covers in-patient hospital stays, hospice care, skilled nursing facility stays, and home health services.

### Premiums:

If you or your spouse paid Medicare taxes while working for 40 quarters or more, you are eligible for "Premium-free Part A," which means you don't owe any monthly premiums for coverage. (Most people don't have to pay Medicare Part A premiums.) If you paid Medicare taxes for 30-39 quarters, you'll pay \$252 per month; those who've paid less than 30 quarters in Medicare taxes will pay \$458 a month in premiums.<sup>1</sup>

### Deductibles

If you're admitted to the hospital in 2020, you'll need to pay \$1,408 for the first 60 days of care. That's a \$44 increase over 2019's deductible.<sup>2</sup>

## Coinsurance

Medicare refers to the payments that you make when you see a doctor, stay in a skilled nursing facility, or have an extended hospital stay as “coinsurance,” although they’re fixed amounts rather than a percentage of costs. For the 61st to 90th day of inpatient hospital treatment with Medicare, you must pay coinsurance of \$352 per day. The next 60 days are part of your “lifetime reserve” benefit, and you’ll owe \$704 per day, up to 60 days over your lifetime.<sup>3</sup>

You’ll also have to pay coinsurance for skilled nursing care for days 21 through 100 at a rate of \$176 per day.<sup>4</sup>

## Late payment penalty

If you have to pay Medicare Part A premiums but don’t enroll at age 65, your monthly premiums may cost 10% more. And you may be required to pay those higher premiums for twice the number of years you didn’t sign up.<sup>5</sup>

## What are costs for Medicare Part B?

Medicare Part B, medical insurance, is the second part of Original Medicare. It covers doctor’s visits, outpatient services, preventive services, and some medical equipment.

## Premiums

Most people pay the standard premiums (\$144.60) for Medicare Part B, high earners may have to pay an extra fee each month. IRMAA: Anyone who earns \$87,000 as a single filer or \$174,000 for joint filers or more per year pays the standard premium, plus the adjustments. Here’s how much you may owe, along with the income-related monthly adjustment amount (IRMAA).

## Part B Costs

Beneficiaries who file individual tax returns with income:	Beneficiaries who file joint tax returns with income:	IRMAA	Total monthly premium amount
Less than or equal to \$87,000	Less than or equal to \$174,000	\$0.00	\$144.60
Greater than \$87,000 and less than or equal to \$109,000	Greater than \$174,000 and less than or equal to \$218,000	\$57.80	\$202.40
Greater than \$109,000 and less than or equal to \$136,000	Greater than \$218,000 and less than or equal to \$272,000	\$144.60	\$289.20
Greater than \$136,000 and less than or equal to \$163,000	Greater than \$272,000 and less than or equal to \$326,000	\$231.40	\$376.00
Greater than \$163,000 and less than \$500,000	Greater than \$326,000 and less than \$750,000	\$318.10	\$462.70
Greater than or equal to \$500,000	Greater than or equal to \$750,000	\$347.00	\$491.60

## Deductibles

The deductible for Medicare Part B is \$198 this year, up from \$185 in 2019.<sup>6</sup>

## Coinsurance

Once you've paid the deductible, Medicare will typically pay for 80% of covered costs, and you'll pay the remaining 20%.<sup>7</sup>

## Late enrollment penalty

Unless you or your spouse have insurance through work, for every year that you delay enrollment in Medicare Part B, your premiums will go up 10%.<sup>8</sup>

## What are the costs of Medicare Part C (Medicare Advantage)?

Medicare Advantage plans are private, Medicare-approved health insurance plans that provide Part A and Part B coverage, and may also include other types of coverage, such as vision or dental. The costs of these plans varies, depending on the benefits provided. Each plan offers different coverage and associated premiums, deductibles, and copayments. Participants must also pay their Part B premium, along with the adjustment for high earners, if applicable.

## What are the costs for Medicare Part D?

Medicare Part D covers prescription drug benefits. You can either buy a standalone Part D plan or get prescription drug coverage as part of your Medicare Advantage plan.

## Premiums

Your premiums for Medicare Part D can vary, but the "national base beneficiary premium" is \$32.74 in 2020.<sup>9</sup>

## IRMAA

High earners have to pay extra if you earned more than \$87,000 of \$174,000 for married couples filing jointly based on your tax return from two years ago. Here's how much you may owe:

## Part D Costs

If your filing status and yearly income in 2018 was

File individual tax return	File joint tax return	Married, filing separately	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

## Deductible

Your deductible varies by plan (some plans with high premiums don't have a deductible at all), but cannot be more than \$435.<sup>10</sup>

## Copayment

The amount of copayments for drugs varies by plan, and often also varies based on the type of drug (generic or specialty) that you need. Plans typically charge copayments for Tier 1 and 2 drugs, which are less expensive. They charge copayments for drugs Tier 3 or 4, which are typically more expensive.

## Coinsurance

There are four payment stages or Part D policyholders.

- Your annual deductible: This year, it can be up to \$435 this year. You pay this entirely out of pocket.
- Initial coverage, where you'll pay your share of copayments or coinsurance until the total amount spent on drugs (by you and the plan) reaches \$4,020.
- The coverage gap (also known as the donut hole), where you pay 25% of all costs until you've paid \$6,025 out of pocket.
- Catastrophic coverage: For the rest of the year, you'll owe 5% coinsurance or \$3.60 for generic drugs and \$8.95 for brand drugs, whichever is greater.

## Late enrollment penalty

If you go without prescription drug coverage for 63 days or more after your enrollment period, you'll have to pay a penalty of 1% of the Part D premium for each month you went without coverage.<sup>11</sup>

While calculating the costs of Medicare can feel overwhelming, figuring out the cost of each part can help you devise a good estimate of your total Medicare costs. Once you've got that nailed down, you can make sure that those costs fit into the rest of your financial plan.

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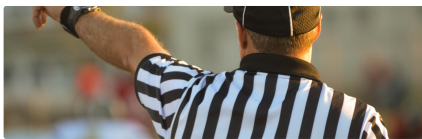


## About Beth Braverman

Beth Braverman is a full-time freelance journalist covering personal finance, healthcare, and careers. A former reporter for MONEY magazine, her work has appeared in dozens of publications, including CNBC.com, CNNMoney.com, and WebMD.

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