

Medicare Explained: Understanding the Basics.. from A – Z .

One of the toughest financial challenges you'll face in retirement is Healthcare. For millions of retirees, Medicare coverage that takes effect for most people at age 65 is the key to being able to afford health care costs that would otherwise quickly sap their retirement savings.

But over the years, Medicare has gotten increasingly complicated, and with the emergence of Obamacare, Americans are struggling to understand exactly how to get their health care covered.

To help you get a handle on Medicare, let's run through the different types of coverage the program provides

PART A

The first, known as Part A, focuses on the costs of health care at medical facilities, providing coverage for medically necessary care at hospitals while you're receiving inpatient care. Under some circumstances, it also covers costs for home health services, hospice care, and skilled nursing facilities. However, [nursing home costs are covered only for limited purposes and time periods](#).

PART B

Medicare Part B covers the costs of health care outside medical facilities, such as doctors' visits, outpatient procedures, and lab tests. It also helps cover the cost of services related to health care, such as [wheelchairs and scooters](#), oxygen tanks, and ambulance services. In addition to providing coverage for health care needs that qualify as medically necessary, Part B also covers certain preventive-care services, such as screening for heart conditions, diabetes, and certain types of cancer.

In addition to government-provided Parts A and B, Medicare Part C is optional private insurance that Humana ([HUM](#)), Aetna ([AET](#)), UnitedHealth ([UNH](#)), and others provide. Better known as Medicare Advantage Plans, Part C involves paying premiums to those insurers, which then provide coverage for charges that Parts A and B don't pay for. Medicare Advantage Plans vary greatly both in cost and in scope of coverage, so you have to look closely at all your options to make sure they fit [what you want from a plan](#).

Finally, Medicare Part D provides [prescription drug coverage](#). Like Medicare Advantage Plans, Part D plans are offered through private insurance companies, and the coverage that different policies offer can vary widely from insurer to insurer and from plan to plan. In fact, many Part C Medicare Advantage Plans include Part D options within a single package.

How You Pay for Medicare

Each part of Medicare has different charges associated with it. For Part A, those who've had Medicare taxes withheld from their pay for at least 40 calendar quarters during their lifetime are eligible for free coverage.

- A) Part B coverage requires a monthly premium that varies depending on your income level. Individuals with yearly income in 2011 of \$85,000 or less, or joint tax-return filers with \$170,000 or less in income, all pay \$104.90 in monthly premiums for Part B.
- B) Above those levels, premiums are higher, topping out at \$335.70 per month for incomes above \$214,000 for singles and \$428,000 for joint filers.

Private Insurance- for Medicare Advantage and prescription drug coverage involves paying monthly premiums to the insurers that provide your policy. What you'll pay in premiums depends in large part on the extent of the coverage the policy provides, with more all-inclusive policies charging higher monthly premiums.

In addition to premiums, you may also be responsible for deductibles, copayments, and other costs. For instance, hospital stays and covered skilled-nursing care often requires a per-day copayment from the patient.

Adding It All Together

Medicare is a complex system that has many interlocking parts. By understanding how they all work, however, you'll be in the best position to get everything you're entitled to receive under Medicare.

For more information on Medicare, visit the [government's Medicare website](#)