

# Medicare Costs

Medicare helps Americans pay for healthcare, but this federally funded health insurance isn't free.

Understanding your costs under Medicare is critical to choosing the right coverage for you.

In this video, we'll look at what it costs to have Medicare coverage, what it costs to use your coverage, and how you can lower your healthcare costs even more.

Like other forms of health insurance, Medicare has premiums. Premiums are what you'll pay monthly to maintain your coverage.

While Part A (Medicare's hospital insurance) has a premium, most people don't have to pay it. If you've worked and paid Medicare taxes for ten years (or your spouse has), you won't have to pay a premium for Part A.

Part B (Medicare's medical insurance) is a different story. Most Medicare recipients pay the base premium for Part B. But if your tax returns show a high annual income, you could pay more.

To calculate your Medicare premiums, make sure to download our Medicare Cost Worksheet.

Any Part A and Part B premiums you pay will come right out of your Social Security check each month, if you're receiving Social Security Benefits.

If you aren't collecting Social Security yet, you'll receive a quarterly Medicare bill and pay three months of premiums at a time.

Once you have coverage, Medicare will pay roughly 80% of eligible medical costs, and you'll pay a copayment for the remaining 20%.

You'll also have deductibles for both Part A and Part B. Until you reach the deductible, you'll have to pay all of your healthcare costs out of pocket.

Your costs with Medicare will vary, depending on your situation.

But you can lower your out-of-pocket costs by adding optional coverage such as Part D prescription drug plans or Medicare Supplement (also called Medigap) plans.

Or, you can opt for Medicare Advantage, which may come with extra coverage such as dental, vision, and hearing coverage.

You can learn about these other parts of Medicare in our Medicare Part D and Medigap Vs. Medicare Advantage videos. For now, just know that these optional Medicare plans may come with additional premiums.

Now that you and your wallet know what costs to expect, check out our video on How to Enroll in Medicare.

*If you're close to enrolling in Medicare, consider signing up to receive our e-mails. We'll send you helpful guides, hints, and reminders so you can get the info you need to make informed decisions regarding your coverage.*