

Premiums, Deductibles, and Maximum Out-of-Pocket Costs

Part A

Most people do not have to pay a premium for Medicare Part A. There is, however, a deductible which, for 2022, is \$1,556 for each benefit period.

Recipients will pay \$0 in coinsurance for days 1-60 for each period; \$389 per day for days 61-90 for each benefit period; and, \$778 per each “lifetime reserve day” after day 90 for each benefit period (up to 60 days over your lifetime).

A benefit period begins the day you go into a hospital or Skilled Nursing Facility and ends when you have been out for 60 days in a row. If you go back into the hospital after 60 days, then a new benefit period starts, and the deductible begins again.

Part B

The standard Medicare Part B premium changes each year and is based upon the recipient’s Modified Adjusted Gross Income (MAGI) two years prior to the current year.

In 2022, the standard monthly premium for Medicare Part B enrollees who earn \$182,000 or less filing jointly or \$91,000 or less filing individually is \$170.10. In total, there are six payment tiers, with those earning more than \$500,000 individually or \$750,000 jointly paying \$578.30 per month. A complete breakdown of the tiers can be found at www.medicare.gov/your-medicare-costs/part-b-costs.

In 2022, there is a \$233 deductible. After meeting the deductible each year, a Medicare recipient will be charged 20% of the Medicare-approved amount for most services. Notably, there is no annual limit on out-of-pocket costs, meaning that risk exposure without a supplemental plan is extremely high.

Part D

Part D premiums vary. For 2022, the Centers for Medicare & Medicaid Services project that the average basic monthly premium for standard Medicare Part D coverage will be \$33.

Part D plan deductibles also vary, although no Medicare drug plan can have a deductible greater than \$480 in 2022.

Part C

Part C (i.e., Medicare Advantage) monthly premiums vary by plan. Some plans are offered for the cost of the Part B premium while others may charge an additional amount. There are also some plans that will credit back the Part B deduction to a recipient's social security payment.

Medicare Advantage plans, unlike Original Medicare, have maximum out-of-pocket amounts. In 2022, the maximum allowable amount for in-network expenses is \$7,550, and \$11,300 for combined in-network and out-of-network expenses. Notably, plans may vary their out-of-pocket maximums if they stay below the maximum allowable amounts.

Which plan works best for me?

The good news is that there is a plan that fits your circumstances and needs. The challenge is finding it and understanding how to best utilize all the features.

The best strategy is to find an independent Medicare Agent who you trust and get along with. They will walk you through the process, explain the features and costs, and show you all the options. Although some Agents may charge a referral fee, the majority will work with you at no cost. Insurance companies remunerate the Medicare agent at no additional cost to you.