

The Basics of Medicare



Medicare is the federal government program that provides health care coverage (health insurance) if you are 65+, under 65 and receiving Social Security Disability Insurance (SSDI) for a certain amount of time, or under 65 and with End-Stage Renal Disease (ESRD). The Centers for Medicare & Medicaid Services (CMS) is the federal agency that runs Medicare. The program is funded in part by Social Security and Medicare taxes you pay on your income, in part through premiums that people with Medicare pay, and in part by the federal budget.

Once you have become Medicare-eligible and enroll, you can choose to get your Medicare benefits from Original Medicare, the traditional fee-for-service program offered directly through the federal government, or from a Medicare Advantage Plan, a type of private insurance offered by companies that contract with Medicare (the federal government). Original Medicare includes:

Part A (Inpatient/hospital coverage)

Part B (Outpatient/medical coverage)

If you want Medicare prescription drug coverage (Part D) with Original Medicare, in most cases you will need to actively choose and join a stand-alone Medicare private drug plan (PDP).

You still have Medicare if you enroll in a Medicare Advantage Plan. This means that you will still owe a monthly Part B premium (and your Part A premium, if you have one). Each Medicare Advantage Plan must provide all Part A and Part B services covered by Original Medicare, but can do so with different rules, costs, and restrictions that can affect how and when you receive care. Medicare Advantage Plans can also provide Part D coverage. Note that if you have health coverage from a union or current or former employer when you become eligible for Medicare, you may automatically be enrolled in a Medicare Advantage Plan that they sponsor. You have the choice to stay with this plan, switch to Original Medicare, or enroll in a different Medicare Advantage Plan, but you should speak with your employer/union before making any change.

It is important to understand your Medicare coverage choices and to pick your coverage carefully. How you choose to get your benefits and who you get them from can affect your out-of-pocket costs and where you can get your care. For instance, in Original Medicare, you are covered to go to nearly all doctors and hospitals in the country. Medicare Advantage Plans, on the other hand, usually have network restrictions, meaning that you will be more limited in your access to doctors and hospitals. However, Medicare Advantage Plans can also provide additional benefits that Original Medicare does not cover, such as routine vision or dental care.

Medicare is different from Medicaid, which is another government program that provides health insurance. Medicaid is funded and run by the federal government in partnership with states to cover people with limited incomes. Depending on the state, Medicaid can be available to people below a certain income level who meet other criteria (e.g., age, disability status, pregnancy) or be available to all people below a certain income level. Remember, unlike Medicaid, Medicare eligibility does not depend on income. Also, eligible individuals can have both Medicare and Medicaid and are known as dual-eligibles.

Everyone who has Medicare receives a red, white, and blue Original Medicare card. If you choose to receive your coverage through Original Medicare, you will show this card when you get services. If you choose to receive your Medicare benefits through a Medicare Advantage Plan, you will still get an Original Medicare card but you will show your Medicare Advantage Plan card when you get services. No matter how you get your Medicare health benefits, only give your Medicare number to your doctors and health care providers.

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