

Medicare Parts A and B: Costs

This fact sheet details premiums and coinsurance amounts for Original Medicare Parts A and B services in 2017. For a quick reference, review the [2017 Medicare Premiums and Cost-Sharing chart](#).

Part A: Hospital Insurance

Part A is often called hospital insurance because it pays for care while admitted as an inpatient at the hospital. It also pays some costs outside a hospital, such as skilled nursing facility stays, home health care, and hospice care.

Part A Premium: Most Medicare beneficiaries do not owe a monthly premium for Medicare Part A because they (or their spouse) paid it while working (it's the FICA deduction from a paycheck), often called "premium-free Part A." Beneficiaries with premium-free Part A worked and contributed to the Part A Trust Fund a minimum of 40 working quarters (about 10 years).

Beneficiaries that did not work enough quarters can buy Part A, often called "premium Part A." In 2017, those with premium Part A owe either the full premium or a prorated amount detailed below:

Social Security Working Quarters	Part A Premium
Fewer than 30 (full premium)	\$413 per month
Between 30-39 (prorated premium)	\$227 per month

Note: Medicare beneficiaries with limited income and resources may be eligible for the Qualified Medicare Beneficiary program (QMB), one of the [Medicare Savings Programs](#). QMB pays the Part A premium in addition to the cost-sharing and Part B premium.

Part A Deductible: The deductible is an amount paid before Medicare begins to pay its share. The Part A deductible for an inpatient hospital stay is \$1,316 in 2017. The Part A deductible is not an annual deductible; it applies for each benefit period. A benefit period begins at hospital admission and ends when the beneficiary has been out of the hospital or skilled nursing facility (SNF) for 60 consecutive days. As such, a beneficiary may have multiple benefit periods requiring payment of the Part A deductible multiple times in a year.

Hospital Copayment/Skilled Nursing Facility Copayment: A copayment applies to long hospital stays (60 days or more) and to skilled nursing facility (SNF) stays (after a three night, Medicare covered inpatient hospital stay). The copayment amounts vary based on the length and location of stay as detailed in the table below.

Service	Copayment Amount
Hospital days 61-90	\$329 per day
Hospital days 91-150	\$658 per day
SNF days 21-100	\$164.50 per day

Note: Most Medicare beneficiaries stay in the hospital fewer than 5 days, although there are exceptions. Beneficiaries in need of SNF care are responsible for 100% of the costs after day 100.

Hospice Care: There is no deductible or copayment for hospice care, only minimal costs for medications and inpatient respite care.

Home Health Care: There is no deductible or copayment for home health care, as long as the beneficiary meets the eligibility criteria for coverage. Read our [Home Health Care Benefit](#) fact sheet to learn more about the eligibility criteria and how to help beneficiaries make the most of this benefit.

Part B: Medical Insurance

Medicare Part B helps pay for health care services such as doctor services, preventive benefits, hospital outpatient surgery and care, ambulance services, outpatient mental health services, durable medical equipment, and home health care (not covered by Part A).

Part B Premium: There is a monthly premium for Part B. In 2017, the amount varies based on factors detailed below:

- *Hold harmless:* Hold harmless beneficiaries meet the following requirements:
 1. Entitled to Social Security (SS) benefits in November and December of the preceding year (For 2017, this means Nov. and Dec. 2016),
 2. Have their Part B premiums automatically deducted from their SS benefits in December of the preceding year and January of current year (In 2017, Dec. 2016 and Jan. 2017),
 - NOTE: There is a month's discrepancy due to receiving last month's benefits in current month. For example, November benefits are paid in December, and December benefits are paid in January. These months are important to establish criteria for #3 (next criteria) to protect the SS benefit from decreasing.
 3. Receive no Cost of Living Adjustment (COLA) or one that is less than the Part B premium increase, and
 4. Not owe Part B income-related monthly adjustment amounts (IRMAA) due to high modified adjusted gross income (more than \$85,000 per individual or \$170,000 for a couple in 2016).

Roughly 70% of the Medicare population is in the hold harmless group. The hold harmless provisions include two important beneficiary protections:

1. Part B premiums cannot increase in years when there is no Social Security cost of living adjustment (COLA), and
2. The net Social Security benefit cannot decrease.

The latter protection applies to hold harmless beneficiaries in 2017 because there is a 0.3% COLA. Even though hold harmless beneficiaries will pay higher premiums, their net Social Security benefit cannot decrease from 2016 to 2017. On average, hold harmless beneficiaries will pay a 2017 Part B monthly premium of \$109.00. The following examples demonstrate the various Part B premiums hold harmless beneficiaries may pay in 2017:

Example 1: In 2015, William drew a \$1,500 monthly Social Security (SS) benefit, enrolled in Medicare Part B, and had the Part B monthly premium of \$104.90 deducted from his SS benefit. He continued to pay \$104.90 a month in 2016 as part of the hold harmless group because there was no COLA.

In 2017, William will continue to benefit from the hold harmless provision. He will pay a slightly higher monthly premium of \$109.40 since his net SS benefit cannot decrease.

Example 1: William paying \$104.90 and 'Hold Harmless'			
	2017 Social Security COLA: 0.3%		
	Standard 2017 Part B premium: \$134.00		
	A	B	C
	2016	2017 if no "hold harmless" provision	2017 with "hold harmless" provision
Monthly Social Security benefit	\$1,500.00	\$1,504.50	\$1,504.50
Monthly Part B premium	(\$104.90)	(\$134.00)	(\$109.40)
Net Social Security benefit	\$1,395.10	\$1,370.50	\$1,395.10

Example 2: In 2016, Natasha drew a \$2,040 monthly SS benefit, enrolled in Medicare Part B, and had the Part B monthly premium of \$121.80 deducted from her SS benefit. In 2017, the hold harmless provision will limit the increase in her Part B premium. She will pay a slightly higher monthly premium of \$127.92 since her net SS benefit cannot decrease.

Example 2: Natasha paying \$121.80 and 'Hold Harmless'			
	2017 Social Security COLA: 0.3%		
	Standard 2017 Part B premium: \$134.00		
	A	B	C
	2016	2017 if no "hold harmless" provision	2017 with "hold harmless" provision
Monthly Social Security benefit	\$2,040.00	\$2,046.12	\$2,046.12
Monthly Part B premium	(\$121.80)	(\$134.00)	(\$127.92)
Net Social Security benefit	\$1,918.20	\$1,912.12	\$1,918.20

- *Not subject to "hold harmless":* Most beneficiaries in this group pay a Part B monthly premium of **\$134.00** in 2017. Beneficiaries in the not "hold harmless" group include the following:
 1. Those new to Medicare in 2017,
 2. Those not yet receiving Social Security benefits and paying their Part B premiums directly,
 3. Those with Medicare Savings Program or full Medicaid which pays their Part B premium, and/or
 4. Those with higher incomes that owe Part B income-related monthly adjustment amounts (IRMAA) as detailed in the chart below.

Individual Income reported on tax return	Joint income reported on tax return	Part B premium	IRMAA amount	Total monthly premium
< \$85,000	<\$170,000	\$134.00	\$0.00	\$134.00
>\$85,000 and ≤ \$107,000	>\$170,000 and ≤ \$214,000	\$134.00	\$53.50	\$187.50
>\$107,000 and ≤ \$160,000	>\$214,000 and ≤ \$320,000	\$134.00	\$133.90	\$267.90
>\$160,000 and ≤ \$214,000	>\$320,000 and ≤ \$428,000	\$134.00	\$214.30	\$348.30
>\$214,000	>\$428,000	\$134.00	\$294.60	\$428.60

If beneficiaries are married but file their income taxes separately, the Part B IRMAA in 2017 outlined in the chart below will apply:

Married, filing separate income tax returns	Part B premium	IRMAA amount	Total monthly premium
< \$85,000	\$134	\$0.00	\$134.00
>\$85,000 and ≤ \$129,000	\$134	\$214.30	\$348.30
>\$129,000	\$134	\$294.60	\$428.60

NOTE: Medicare Advantage (MA) plans may charge members a monthly premium. Therefore, those enrolled in MA plans may have to pay a monthly premium to their MA plan, in addition to paying Social Security for their Part B premium.

Other Costs in Part B: In addition to the Part B premium, there are some other out-of-pocket costs beneficiaries pay when they receive services covered by Medicare Part B. And these costs, like the Part B premium, can change each year.

Part B Annual Deductible: Before Medicare starts covering the costs of care, people with Medicare pay an amount called a deductible. In 2017, the Part B deductible is \$183.

After the deductible has been paid, Medicare pays most (generally 80%) of the approved cost of care for services under Part B while people with Medicare pay the remaining cost (typically 20%) for services such as doctor visits, outpatient therapy, and durable medical equipment (e.g., wheelchairs, hospital beds, home oxygen equipment, diabetes supplies).

Keep in mind, Medicare has strict rules on what durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) are covered. It is important to help beneficiaries understand Medicare’s “reasonable and medically necessary” rule (requires a doctor’s prescription explaining the need), that they use a Medicare approved supplier, and a competitive bid supplier in certain DMEPOS categories. Otherwise, they could end up paying more. Learn more about the Medicare DMEPOS Competitive Bid Program or to find a supplier visit <https://www.medicare.gov/supplierdirectory/search.html>.

Preventive Benefits: There are some services under Part B that Medicare covers at 100% such as certain preventive benefits. See our [Quick Reference: Medicare’s Preventive Benefits chart](#) for a breakdown of the preventive benefits covered under Medicare and what beneficiaries will have to pay in the way of cost sharing for these services.

How Can You Help Beneficiaries?

Screen and offer application assistance all Medicare beneficiaries for Medicare Savings Programs (MSPs) to help pay Medicare premiums and cost-sharing. See our MSP resources to learn more: [Medicaid & MSP webpage](#), [MSP Eligibility and Coverage Chart](#), and [MSP Overview](#).

While Medicare Advantage plans must provide coverage of Part A and B services, they may have a *different payment structure* than under Original Medicare. This means that beneficiaries may pay different amounts in cost-sharing in Medicare Advantage and the exact details can vary from plan to plan. You can help beneficiaries review the Medicare Advantage plans in your area to find out the specific cost-sharing structure offered by each plan for each of the above services, and how they compare to the coinsurance payments typically used in Original Medicare. [Learn more about MA plans](#) and what they can charge.

Medicare beneficiaries can buy a kind of insurance that helps pay some Medicare out-of-pocket costs. This insurance is called Medicare supplemental insurance, or Medigap. [Learn more about Medigap.](#)

References

Center for Medicare & Medicaid Services, [2017 Medicare Parts A & B Premiums and Deductibles Announced](#), November 10, 2016 and [Federal Register](#) November 14, 2016, for Part B income-related monthly premium adjustment amounts (IRMAA) for people with higher incomes.

Center for Medicare Advocacy, Inc. [Social Security: No Cost of Living Adjustment, Medicare: No Change for Many. Higher Premiums for Some](#), 2010, for additional examples and frequently asked questions in recent years for hold harmless beneficiaries.

Kaiser Family Foundation, [What's in Store for Medicare's Part B Premiums and Deductible in 2016, and Why?](#), November 11, 2015, for definition of non-hold harmless beneficiary groups and premium examples.

Social Security Act [42 U.S.C. § 1395r\(f\)](#), for hold harmless definition.