

Medicare Parts A and B: Costs

This fact sheet details premiums and coinsurance amounts for Original Medicare Parts A and B services in 2020. For a quick reference, review the [2020 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 or credits (about 10 years).

Beneficiaries that did not work enough credits can buy Part A, often called "premium Part A." In 2020, those with premium Part A owe either the full premium or a prorated amount detailed below:

Social Security Working Credits	Part A Premium
Fewer than 30 (full premium)	\$458 per month
Between 30-39 (prorated premium)	\$252 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 \$1,408 in 2020. 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	\$352 per day
Hospital days 91-150	\$704 per day
SNF days 21-100	\$176 per day

NOTE: Most Medicare beneficiaries stay in the hospital fewer than 5 days, although there are exceptions. Our [Hospital Transition FAQ](#) provides more information on beneficiary costs for extended hospital stays. 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](#).

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 2020, most beneficiaries will pay \$144.60/month for Part B. However, there are two scenarios in which beneficiaries may pay less or more than this amount:

- *Beneficiaries subject to the “hold harmless” provision whose Social Security checks will not increase enough to cover the \$144.60 premium:*
The hold harmless provision in federal law protects Medicare beneficiaries in two ways:
 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 be lower than the previous year’s benefit amount.

In 2019, the Social Security COLA was 2.8%. In 2020, the COLA will be 1.6%. For a small percentage of hold harmless beneficiaries with low Social Security benefit amounts, this means that while their Part B premium will increase in 2020, it will not reach \$144.60, since their benefit cannot decrease.

- *Beneficiaries with higher incomes:* Certain individuals pay more for their Part B premiums because they are subject to income-related monthly adjustment amounts (IRMAA) rules. IRMAA applies to individuals whose modified adjusted gross income on their 2018 tax returns was more than \$87,000 per individual or \$174,000 for a couple. In 2019, a sixth tier was added to the IRMAA bracket for individuals earning \$500,000 or more, and married couples filing jointly earning \$750,000 or more.

Individual Income reported on tax return	Joint income reported on tax return	Part B premium	IRMAA amount	Total monthly premium
< \$87,000	<\$174,000	\$144.60	\$0.00	\$144.60
>\$87,000 and ≤ \$109,000	>\$174,000 and ≤ \$218,000	\$144.60	\$57.80	\$202.40
>\$109,000 and ≤ \$136,000	>\$218,000 and ≤ \$272,000	\$144.60	\$144.60	\$289.20
>\$136,000 and ≤ \$163,000	>\$272,000 and ≤ \$326,000	\$144.60	\$231.40	\$376.00
>\$163,000 and < \$500,000	>\$326,000 and <\$750,000	\$144.60	\$318.10	\$462.70
Greater than or equal to \$500,000	Greater than or equal to \$750,000	\$144.60	\$347.00	\$491.60

If beneficiaries are married but file their income taxes separately, the Part B IRMAA in 2020 outlined in the chart below will apply:

Married, filing separate income tax returns	Part B premium	IRMAA amount	Total monthly premium
< \$87,000	\$144.60	\$0.00	\$144.60
>\$87,00 and <\$413,000	\$144.60	\$318.10	\$462.70
Greater than or equal to \$413,000	\$144.60	\$347.00	\$491.60

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 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 2020, the Part B deductible is \$198.

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 the [Medicare Covered Preventive Services 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 to all Medicare beneficiaries for Medicare Savings Programs (MSPs) to help pay Medicare premiums and cost-sharing. [Learn more](#).

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 plan costs](#).

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, [2020 Medicare Parts A & B Premiums and Deductibles](#), November 8, 2019.

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