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## **Medicare Basics (Including Extra Help for Prescription Drugs)**

There are four parts to Medicare:

- Medicare Part A - Hospital Insurance;
- Medicare Part B - Medical Insurance for doctor visits, durable medical equipment, therapies, etc.;
- Medicare Part C (Medicare Advantage), which was formerly known as "Medicare + Choice"; and
- Medicare Part D, prescription drug coverage.

Generally, people who are over age 65 and getting Social Security automatically qualify for Medicare Parts A and B. So do people who have been getting disability benefits for two years, people who have amyotrophic lateral sclerosis (Lou Gehrig's disease) and receive disability benefits, and people who have permanent kidney failure and receive maintenance dialysis or a kidney transplant. A person who is still covered by an employer-sponsored medical insurance plan at age 65 may be able to defer taking Medicare Part B, but the delay may cause permanent increase of premium if the employer plan is not a qualified plan.

Part A is paid for by a portion of Social Security tax. It helps pay for inpatient hospital care, skilled nursing care, hospice care and other services.

Part B is paid for by the monthly premiums of people enrolled and by general funds from the U.S. Treasury. It helps pay for doctors' fees, outpatient hospital visits, and other medical services and supplies that are not covered by Part A.

Part C (Medicare Advantage) plans are private insurance plans that allow you to choose to receive all of your health care services through a provider organization. These plans may help lower your costs of receiving medical services, or you may get extra benefits for an additional monthly fee. However, you must be sure that your own doctors and specialists are in the network approved by the plan. You must have both Parts A and B to enroll in Part C.

Part D (prescription drug coverage) is voluntary and the costs are paid for by the monthly premiums of enrollees and Medicare. Unlike Part B in which you are automatically enrolled and must opt out if you do not want it, with Part D you have to opt in by filling out a form and enrolling in an approved plan.

Persons with limited income and assets may be eligible for additional payments to help with the cost of Part D coverage. If your annual income is below \$15,600 (or \$21,000 if

you are married and living with your spouse), you may qualify for the extra help. Even if your annual income is higher, you still may be able to get some help. Some examples when your income may be higher include if you or your spouse: Support other family members who live with you; have earnings from work; or live in Alaska or Hawaii.

To get the extra help with Medicare prescription drug plan costs, your total resources generally must be limited to \$11,990 (or \$23,970 if you are married and living with your spouse). Resources include the value of the things you own. Some examples are:

- Real estate (other than your primary residence);
- Bank accounts, including checking, savings and certificates of deposit;
- Stocks;
- Bonds, including U.S. Savings Bonds;
- Mutual funds;
- Individual Retirement Accounts (IRAs); or
- Cash at home or anywhere else.

More information about all four parts of Medicare can be found at the [Centers for Medicare and Medicaid Services](#) website, or by contacting our office.