

## Doing the Math: The Cost of Medicare

### Why Shifting Costs to People With Medicare Doesn't Work

Many deficit-reduction proposals being discussed would **increase costs** and **decrease coverage**, though currently a person with Medicare can easily pay over \$5,000 per year for health care. And people with Medicare are in a poor position to pay even more for care—**half of people with Medicare have incomes below \$22,000 per year.**

### What Does Medicare Cost?

Even without a hospital stay, a relatively healthy person with Original Medicare (this does not include those with a Medicare Advantage plan), one of the most popular supplemental insurance plans (known as a Medigap), and prescription drug coverage (under a separate Part D plan) can spend **over \$5,000 a year for Medicare coverage.**

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| Medicare Part B (outpatient care) premium | \$115.40 per month |
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| Medigap premium <i>(Average premium for most common plan in New York. Premiums vary by location. Medigaps cover the Medicare Part B deductible, usually \$162.00 per year, and coinsurance in the amount of 20 percent of the cost of medical services.)</i> | \$249.50 per month |
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| Medicare Part D (prescription drug) premium<br><i>(base beneficiary premium)</i> | \$31.08 per month |
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| Medicare Part D deductible | \$320.00 per year |
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| <b>TOTAL OUT-OF-POCKET COSTS</b> | <b>\$5,071.76 PER YEAR*</b> |
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*\*The \$5,071.76 per year does **not** include the cost of prescription drugs under Part D, Part A (inpatient) costs such as the inpatient hospital care deductible of \$1,132 each benefit period, or costs associated with services not covered by Medicare, such as vision, dental and hearing care. People without Medigap plans are responsible for paying the Medicare Part B deductible, usually \$162.00 per year, and coinsurance in the amount of 20 percent of the cost of medical services.*

### Reduce the Deficit Without Increasing Costs for People with Medicare

Proposals that shift costs to people with Medicare or discourage them from getting care do nothing to address the root cause of Medicare spending: growing costs in the health care sector overall. **We must not cut benefits, raise costs for people with Medicare, or pursue proposals that would otherwise limit access to care for the people Medicare serves.**