

 Analysis

# Understanding Your Medicare Advantage Deductibles and Out-of-Pocket Plan Costs



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Before you choose a [Medicare Advantage](#) plan, be sure to understand the [full costs](#).

Private insurers offer Medicare Advantage, also known as Medicare Part C. It usually covers some services that traditional Medicare doesn't cover, such as dental, hearing and vision.

The costs vary greatly by plan and location. These costs may include premiums, deductibles, copayments and coinsurance.

Medicare Advantage plans typically cover medically necessary procedures, office visits, hospitalizations and prescription drugs. Sometimes there can be higher deductibles and other costs for services that are not covered by Medicare Parts A and B.

## Premiums and Medicare Advantage

Some Medicare Advantage plans require a monthly [premium](#) payment, but others don't. In fact, 56 percent of patients enrolled in Medicare Advantage plans with prescription coverage pay no premium. Among those with a premium, the average premium is \$28 per month, [according to](#) the Centers for Medicare and Medicaid Services.

The premium is the charge you pay each month, regardless of whether you receive medical services or not.

**TIP:** When you have a Medicare Advantage plan, you still have to pay a premium for your Medicare Part B coverage. The [standard Medicare Part B premium](#) for 2019 is \$135.50, but it can be higher, depending on your income level.

Be sure to pay your Medicare Part B and Medicare Advantage premiums on time, so you won't lose coverage. You could use automatic deductions to avoid missing a payment.

## Your Fees for Service

A Medicare Advantage plan may require a copayment, which is a fixed fee, such as \$20 for an office visit or \$50 for an emergency room visit.

Medicare Advantage plans also can set [coinsurance](#) rates that are different from what you'd find on traditional Medicare. Coinsurance is the amount you must pay, based on a percentage of the total charge. For example, if your surgery cost \$1,000 and your coinsurance rate is 20 percent, then you only pay \$200 while your plan pays the rest.

If you have an upcoming office visit or procedure, find out what your copayment or coinsurance rates are ahead of time, so that you won't be surprised.

## Before Coverage Kicks In

Medicare Advantage deductibles also vary by plan. It's the amount you must pay before the plan starts covering medical expenses.

If you are enrolled in a Medicare Advantage plan, there may be a separate deductible for prescription drugs. In 2019, the [average](#) prescription drug deductible is \$121 in Medicare Advantage plans that offer prescription drug coverage.

## Out-of-Pocket Limits: Your Financial Failsafe

Unlike traditional Medicare, all Medicare Advantage plans have an out-of-pocket limit. This is the maximum amount you will pay out of pocket for the year. Once you reach your out-of-pocket limit, your plan will pay in full for all covered medical expenses as long as you pay your premiums.

The [average](#) out-of-pocket limit for in-network services in 2019 Medicare Advantage plans is \$5,059. This limit cannot be higher than \$6,700 for in-network services or \$10,000 for out-of-network services.

Keep in mind that some medical bills may not qualify under your out-of-pocket maximum.

Costs that usually count toward your out-of-pocket maximum include:

- Copayments,

- Coinsurance, and
- Deductibles.

Costs that typically do not count toward your out-of-pocket maximum include:

- Premiums,
- Prescription drug costs,
- Bills from out-of-network providers, and
- Services not covered by Medicare.

Check the plan's Evidence of Coverage document to learn more details about its out-of-pocket limit.

## Costs May Change

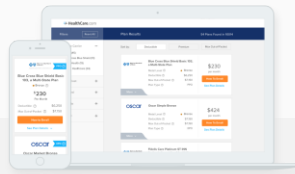
Medicare Advantage plans can change their features, including cost-sharing and in-network doctors, each year. So, the plan that worked well for you this year might not be the best plan for you next year. Depending on the specific changes, you could save money by switching plans.

When choosing a Medicare Advantage plan, Jane Sung, senior strategic policy advisor at the AARP Public Policy Institute, advises seniors to “look beyond just the monthly premium.”

“It’s easy to focus just on the monthly costs because they are easy to compare,” Sung told HealthCare.com, “but it’s just as important to consider the costs that are more difficult to compare, such as deductibles, copayments and coinsurance. Remember that other plan features will also affect costs, such as whether the drug you need is covered by the plan, or whether your doctors and hospitals are in the plan network.”

A growing number of Americans are using Medicare Advantage plans for their healthcare needs. Enrollment in Medicare Advantage plans has [doubled](#) during the last decade, while monthly premiums have [decreased](#).

This year, 34 percent of all Medicare beneficiaries are enrolled in a Medicare Advantage plan. Researchers expect this trend to continue.



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