

Help465 Medicare Academy

Lesson 5: Understanding Medicare Costs

Looking Beyond the Monthly Premium

Estimated Time: 12–15 Minutes

Skill Level: Beginner

Where You Are in the Academy

- ☒ Lesson 1 — Welcome to Medicare
 - ☒ Lesson 2 — Your Medicare Choices
 - ☒ Lesson 3 — Avoiding Common Medicare Mistakes
 - ☒ Lesson 4 — Understanding Medicare Timing
 - ☒ **Lesson 5 — Understanding Medicare Costs**
 - ☐ Lesson 6 — Putting It All Together
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Welcome Back

By now you've learned:

- What Medicare is.
- How people receive Medicare benefits.
- Common mistakes to avoid.
- When Medicare decisions can be made.

Today's lesson answers another important question:

"How much will Medicare actually cost?"

Many people believe choosing Medicare simply means finding the lowest monthly premium.

In reality, Medicare costs involve several different pieces working together.

Today's lesson will help you understand those pieces and how to compare them more confidently.

Why This Lesson Matters

Understanding Medicare costs isn't about becoming an accountant.

It's about learning how to compare your options wisely before making an important healthcare decision.

Lesson Objectives

By the end of today's lesson you'll be able to:

- ✓ Explain the most common Medicare costs.
 - ✓ Understand why premiums aren't the whole story.
 - ✓ Recognize the difference between predictable and unexpected healthcare costs.
 - ✓ Know where financial assistance may be available.
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The Five Building Blocks of Medicare Costs

Instead of trying to memorize dozens of numbers, think about Medicare costs as five building blocks.

1. Premiums

Your monthly payment for certain Medicare coverage.

Think of it as the cost of keeping your coverage active.

2. Deductibles

The amount you may pay before certain Medicare coverage begins paying its share.

3. Copayments

Fixed dollar amounts you may pay when receiving certain healthcare services.

4. Coinsurance

Your share of the cost of certain covered healthcare services.

Unlike a copayment, coinsurance is generally based on a percentage.

5. Prescription Drug Costs

Prescription medications are an important part of many people's healthcare expenses.

Your costs depend on factors such as:

- Your medications.
 - Your plan.
 - Your pharmacy.
 - Your plan's formulary.
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Medicare Minute

Monthly premiums are easy to compare.

Total healthcare costs are smarter to compare.

Looking at the Whole Picture

Imagine two Medicare plans.

Plan A

Lower monthly premium.

Higher copayments.

Higher healthcare costs when services are used.

Plan B

Higher monthly premium.

Lower out-of-pocket healthcare costs.

More predictable expenses.

Which plan costs less?

The answer depends on **how you use healthcare**.

That's why comparing only monthly premiums rarely tells the whole story.

Real-Life Scenario

Susan chooses a plan because it has a very low monthly premium.

A few months later, she begins seeing specialists more often than expected.

Although she saved money each month on premiums, her overall healthcare expenses ended up being higher than she anticipated.

Lesson: Looking at total expected healthcare costs often provides a better picture than comparing premiums alone.

Help465 Heads-Up

The least expensive plan isn't always the least expensive choice.

Always compare your expected healthcare costs over the entire year.

Financial Assistance

Many people don't realize that Medicare financial assistance programs exist.

Depending on your circumstances, you may qualify for programs that help reduce:

- Medicare premiums.
- Prescription drug costs.
- Other Medicare-related expenses.

Examples include:

- Medicare Savings Programs.
- Extra Help.
- Medicaid.

Eligibility depends on individual circumstances, but it's always worth asking if assistance may be available.

Myth vs. Fact

Myth: Medicare is free.

Fact: While many people qualify for premium-free Part A, Medicare may still involve premiums, deductibles, copayments, coinsurance, prescription drug costs, and other healthcare expenses.

Helpful Medicare Terms

Premium — A monthly payment for certain Medicare coverage.

Deductible — The amount you may pay before certain Medicare coverage begins paying.

Copayment — A fixed amount you may pay for certain healthcare services.

Coinsurance — Your share of covered healthcare costs.

Maximum Out-of-Pocket — The most you generally pay for covered medical services during a plan year under certain Medicare coverage options.

Quick Knowledge Check

1. True or False?

The lowest monthly premium always means the lowest healthcare costs.

Answer: False.

2. Which Medicare cost is usually paid every month?

☐ Premium

☐ Copayment

☐ Coinsurance

Answer: Premium.

3. Can some people qualify for financial assistance with Medicare costs?

☐ Yes

☐ No

Answer: Yes.

Reflection

Think about your own priorities.

Would you rather have:

- Lower monthly premiums?
- More predictable healthcare costs?

Neither answer is automatically right or wrong.

Understanding your own preferences helps you compare Medicare options more effectively.

Academy Workbook

My Healthcare Priorities

Take a few minutes to complete this worksheet.

My Current Doctors

My Current Medications

How Often Do I Visit My Doctor?

Which Matters More To Me?

- ☐ Lower monthly premiums
- ☐ More predictable healthcare costs

Questions I Still Have

Keep this worksheet.

You'll use it in the final lesson.

What You Learned

Congratulations!

You've now learned:

- ✓ The five major Medicare cost categories.
 - ✓ Why monthly premiums don't tell the whole story.
 - ✓ How to think about total healthcare costs.
 - ✓ That financial assistance programs may be available.
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Before You Move On

Before beginning Lesson 6, ask yourself:

- ✓ Do I understand that Medicare costs involve more than monthly premiums?
- ✓ Can I explain the difference between premiums, deductibles, copayments, and coinsurance?
- ✓ Have I started thinking about my own healthcare priorities?

If so...

You're ready for the final lesson.

Continue to Lesson 6

Putting It All Together

You've learned the fundamentals.

Now it's time to connect everything you've learned and prepare to make informed Medicare decisions based on your own unique situation.

One final lesson...

and you'll graduate from the Help465 Medicare Academy.

Remember...

The goal isn't to find the cheapest Medicare plan.

The goal is to find the Medicare plan that's the best fit for your life.