

The Medicare program was signed into law by President Lyndon B. Johnson on July 30, 1965. Former President Harry S. Truman and his wife were the first beneficiaries. Medicare continues to cover hospital and doctor's visits for older Americans, and now it includes many types of preventive care and prescription drugs. Here are 10 important things you should know about Medicare.

What's covered. Medicare Part A covers hospital care and some types of home health care. Medicare Part B is medical insurance that pays for doctor's office visits and outpatient services. Medicare Part C or Medicare Advantage Plans are an alternative to original Medicare provided by private insurance companies, often with extra coverage restrictions. Medicare Part D covers prescription drugs, typically in exchange for an additional premium.

How much you are paying in. Most workers pay 1.45 percent of their earnings into the Medicare system, and employers match that amount. Self-employed workers contribute 2.9 percent of their income. Earnings that exceed \$200,000 for individuals and \$250,000 for couples trigger an additional 0.9 percent tax.

The enrollment deadlines. You can enroll in Medicare during the seven-month period that begins three months before the month you turn 65. Coverage can start as early as the month of your 65th birthday. If you don't sign up during this initial enrollment period, you could be charged higher premiums for the rest of your life. "If they sign up later than 65 for Medicare, they are going to pay late penalties," says Tanya Feke, a medical doctor and author of "Medicare Essentials: A Physician Insider Explains the Fine Print." "Someone who is working and has health insurance through their employer, they may be able to delay signing up for Medicare without penalties." If you postpone signing up for Medicare due to group health insurance through your current employer, sign up for Medicare within eight months of leaving the job or the coverage ending to avoid the penalty.

Premium amounts. Most people don't pay a premium for Medicare Part A. The standard Medicare Part B premium is \$134 in 2017, but it is primarily new enrollees and those who haven't yet claimed Social Security who pay this amount. Most Social Security recipients will pay \$109 per month for Medicare Part B in 2017 because Medicare premiums are

prevented by law from increasing faster than Social Security payments for existing beneficiaries. Premium costs are also higher for retirees with a modified adjusted gross income above \$85,000 for individuals and \$170,000 for couples. Medicare Part D premiums vary depending on the plan you select.

Other out-of-pocket costs. There's a \$183 Medicare Part B deductible in 2017, after which you will be charged 20 percent of the Medicare-approved amount for most services with no annual limit on out-of-pocket costs. Medicare Part A has a \$1,316 deductible if you are hospitalized, and additional costs apply if your hospital stay exceeds 60 days. "Medicare Part A and Part B pays a portion, but you are responsible for a portion of that bill," says Ronald Kahan, a medical doctor and author of "Medicare Demystified: A Physician Helps Save You Time, Money, and Frustration."

Free services. Medicare beneficiaries qualify for a free wellness doctor's office visit once every 12 months. Many preventive care services such as flu shots and mammograms also don't have any cost-sharing requirements. However, if a problem is discovered during a wellness visit or additional tests are required, it may trigger other out-of-pocket costs.

Prescription drug coverage. Retirees get to choose between an average of 22 Medicare Part D prescription drug plans in their area, each with different premiums, covered medications and cost-sharing requirements. Prescription drug plans are allowed to change their covered medications and costs each year. "Every year the insurance companies change their formularies, which is the drugs they cover and how much they charge for those drugs," says Joseph Matthews, an attorney and author of "Social Security, Medicare & Government Pensions: Get the Most Out of Your Retirement & Medical Benefits." "Each year you have to figure out if the D plan that you have is still the best one for you, both in terms of cost and coverage." You can shop around for a new Medicare Part D plan once a year during the open enrollment period from Oct. 15 to Dec. 7, and consider switching if you can find a plan that better meets your needs.

How to supplement Medicare. A Medigap plan can be used to cover traditional Medicare's out-of-pocket costs. "You can minimize deductibles and copays if you sign up for a Medigap policy," says Sudipto Banerjee, a research associate at the Employee Benefit Research Institute. You can first purchase a Medigap policy during the six-month period

that begins when you're 65 or older and enrolled in Medicare Part B. After this period ends you could be charged significantly higher premiums or even denied supplemental coverage.

What's not covered. Medicare typically doesn't cover eyeglasses, contact lenses, hearing aids or dental care. Medicare also won't pay for more than 100 days of long-term care such as nursing home stays or assisted living.

Almost all older Americans use it. In 1966, 19 million people enrolled in the program. That number has gradually increased each year to 55.5 million people in 2015. The program continues to provide valuable health insurance to most Americans ages 65 and older, regardless of their health status.