

HEALTH CARE

Medicare for Caregivers



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Activity - Budget Exercise

Caregiving Budget Exercise - Lesson Plan

Objective

To introduce students to the financial planning required in caregiving, focusing on managing a budget that includes healthcare costs for a loved one under Medicare.

Materials Needed

- Scenario/Budget Worksheets that describe the health status and needs of fictional characters who are on Medicare, including their income level and any additional health conditions that might affect their healthcare costs.
- Calculators for students to use during the exercise.
- Guide to Medicare Costs (2024) - <https://www.medicare.gov/basics/costs/medicare-costs>

Activity Steps:

Introduction (10 minutes)

- Briefly discuss the importance of budgeting in caregiving, with a focus on healthcare costs.
- Explain Medicare and its various parts, emphasizing costs associated with each (e.g., premiums, out-of-pocket expenses).

Budget Review and Decision-Making (15 minutes - 1 hour)

- Depending on time, you can either divide the class into four small groups and assign a scenario to each group, or have student groups complete all four scenarios.
- Within their groups, students discuss why they allocated funds in certain ways, considering the necessity of each healthcare expense and potential areas to cut costs.
- Students will need to research current healthcare costs using the “Guide to Medicare Costs.”
- Students should answer the two questions at the bottom of each scenario. Each of these questions aims to make students consider the real-life trade-offs and decisions faced by seniors on fixed incomes. Encourage students to think critically about priorities, the importance of budgeting for unexpected expenses, and the value of planning for both necessities and quality-of-life enhancements.

Group Presentations (20 minutes)

- Groups present their budgeting decisions and responses to the real-life questions to the class, explaining their rationale and the challenges they faced.
- After each presentation, allow for a brief Q&A session where students can ask questions or offer alternative strategies.

Debrief (15 minutes)

- Discuss the exercise as a whole, focusing on common themes and strategies that emerged during the presentations.
- Talk about the importance of insurance in managing healthcare costs and how Medicare, Medigap, and other programs can mitigate these expenses.
- Highlight resources available for caregivers to help with financial planning and healthcare cost management. (See Toolbox - Additional Resources)

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Scenario 1: Managing Chronic Conditions

- **Character:** James, 68 years old, living with diabetes and hypertension
- **Living situation:** James lives alone in an apartment. He relies on community services for some needs.
- **Medicare coverage:** Original Medicare (Part A and B), Part D for prescription drugs. No Medigap.
- **Investments/Savings:** \$25,000 in savings
- **Monthly Income:**
 - \$1,500 /month from Social Security
 - \$300/month from a small pension
- **Monthly Expenses:**
 - Rent - \$800/month
 - Utilities - \$200/month
 - Groceries - \$300/month

Budget Worksheet

Monthly Income

- Social Security _____
- Pension/Retirement Savings _____

Monthly Income Total -

Monthly Expenses

- Housing (rent or mortgage) _____
- Utilities (electricity, water, gas) _____
- Groceries _____
- Other (transportation, personal care) _____
- Other _____

Healthcare Expenses

- Medicare Premiums (Part B typically) _____
- Part D Premiums (RX coverage) _____
- Medigap premiums (optional) _____
- Medicare Advantage Plan Premiums _____
- Copayments/Coinsurance (visits, tests) _____
- Deductibles (before Medicare pays) _____
- Out-of-pocket costs for services not covered by Medicare (dental, vision, etc.) _____

Monthly Expenses Total -

Questions

1. **Unexpected Smartphone Expense:** James' grandchildren want to video call him, but he needs a smartphone with a good data plan. How should James adjust his budget to afford this new necessity, considering his fixed income?
2. **Transportation Costs:** James has several doctor appointments each month. If public transportation or rideshare services cost \$100 more than he currently spends, how can he adjust his budget to cover this?

Scenario 2: Post-Surgery Rehabilitation

- **Character:** Maria, 70 years old, recovering from hip replacement surgery
- **Living situation:** Maria lives with her spouse who is also retired. They occasionally receive help from their adult children.
- **Medicare coverage:** Medicare Advantage Plan that includes Part D coverage
- **Investments/Savings:** \$40,000 in a combination of savings and investments
- **Monthly Income:**
 - \$2,000 /month from retirement savings
 - \$1,200/month from a Social Security
- **Monthly Expenses:**
 - Mortgage - \$600/month
 - Utilities - \$250/month
 - Groceries - \$350/month

Budget Worksheet

Monthly Income

- Social Security _____
- Pension/Retirement Savings _____
- Rental Income _____
- Spouse's Income (if applicable) _____
- Other _____

Monthly Income Total -

Monthly Expenses

- Housing (rent or mortgage) _____
- Utilities (electricity, water, gas) _____
- Groceries _____
- Other (transportation, personal care) _____
- Other _____
- Other _____

Healthcare Expenses

- Medicare Premiums (Part B typically) _____
- Part D Premiums (RX coverage) _____
- Medigap premiums (optional) _____
- Medicare Advantage Plan Premiums _____
- Copayments/Coinsurance (visits, tests) _____
- Deductibles (before Medicare pays) _____
- Out-of-pocket costs for services not covered by Medicare (dental, vision, etc.) _____

Monthly Expenses Total -

Questions

1. **Rent Increase:** Maria's rent is raised by 10% unexpectedly. With her fixed income from retirement savings and Social Security, what adjustments can she make to her monthly expenses to accommodate this increase?

2. **Personal Care and Miscellaneous Expenses:** Maria realizes she needs to allocate money for personal care items, such as haircuts, new shoes, or clothes. With her current budget, what areas can she cut back on to include these essential expenses?

Scenario 3: Early Stages of Dementia

- **Character:** Robert, 72 years old, recently diagnosed with early-stage Alzheimer's
- **Living situation:** Robert lives with his spouse in their family home. His spouse is his primary caregiver, with additional support from a home health aide.
- **Medicare coverage:** Original Medicare, Medigap policy, and Part D for prescriptions
- **Investments/Savings:** \$60,000 in savings, IRAs
- **Long-term care plans:** Has a long-term care insurance policy covering home health aide services
- **Monthly Income:**
 - \$1,200/month from spouse's income
 - \$1,800/month Social Security
- **Monthly Expenses:**
 - Mortgage - \$500/month
 - Utilities - \$300/month
 - Groceries - \$400/month

Budget Worksheet

Monthly Income

- Social Security _____
- Pension/Retirement Savings _____
- Rental Income _____
- Spouse's Income (if applicable) _____
- Other _____

Monthly Income Total -

Monthly Expenses

- Housing (rent or mortgage) _____
- Utilities (electricity, water, gas) _____
- Groceries _____
- Other (transportation, personal care) _____
- Other _____
- Other _____

Healthcare Expenses

- Medicare Premiums (Part B typically) _____
- Part D Premiums (RX coverage) _____
- Medigap premiums (optional) _____
- Medicare Advantage Plan Premiums _____
- Copayments/Coinsurance (visits, tests) _____
- Deductibles (before Medicare pays) _____
- Out-of-pocket costs for services not covered by Medicare (dental, vision, etc.) _____

Monthly Expenses Total -

Questions

1. **Grandchild's College Fund:** Robert wants to start saving for his grandchild's college fund. Considering his current monthly income and expenses, how much can he realistically contribute without compromising his healthcare needs?

2. **Holiday Gifts:** With the holiday season approaching, Robert wants to buy gifts for his children and grandchildren. Given his tight budget, how much can he afford to save each month for giftgiving?

Scenario 4: General Preventive Care and Minor Illness

- **Character:** Linda, 65 years old, generally healthy but visits specialists for minor conditions
- **Living situation:** Linda recently moved to a senior living community that offers independent living but with easier access to healthcare services.
- **Medicare coverage:** Original Medicare. Considering Medigap or Medicare Advantage
- **Investments/Savings:** \$30,000 in savings
- **IRAs:** \$200,000 in an IRA, not yet withdrawn
- **Monthly Income:**
 - \$500/month from a pension
 - \$1,400/month Social Security
 - \$300/month rental income
- **Monthly Expenses:**
 - Rent - \$700/month
 - Utilities - \$150/month
 - Groceries - \$250/month

Budget Worksheet

Monthly Income

- Social Security _____
- Pension/Retirement Savings _____
- Rental Income _____
- Spouse's Income (if applicable) _____
- Other _____

Monthly Income Total -

Monthly Expenses

- Housing (rent or mortgage) _____
- Utilities (electricity, water, gas) _____
- Groceries _____
- Other (transportation, personal care) _____
- Other _____
- Other _____

Healthcare Expenses

- Medicare Premiums (Part B typically) _____
- Part D Premiums (RX coverage) _____
- Medigap premiums (optional) _____
- Medicare Advantage Plan Premiums _____
- Copayments/Coinsurance (visits, tests) _____
- Deductibles (before Medicare pays) _____
- Out-of-pocket costs for services not covered by Medicare (dental, vision, etc.) _____

Monthly Expenses Total -

Questions

1. **Renter's Insurance Decision:** Linda is recommended to get renter's insurance by a friend. Given her monthly expenses and income, is this an expense she can afford? What are the risks of not having it?
2. **Smartphone Data Overages:** Linda accidentally exceeds her smartphone data plan, incurring an extra \$50 in charges. How should she adjust her budget this month to cover this unexpected expense?

Costs

What you pay for Medicare will vary based on what coverage and services you get, and what providers you visit. [What are my coverage options?](#)

There's no yearly limit on what you pay out-of-pocket, unless you have supplemental coverage, like a Medicare Supplement Insurance (Medigap) policy, or you join a Medicare Advantage Plan.

[What's a premium, deductible, coinsurance, or copayment?](#) ⓘ



Part A (Hospital Insurance) costs

Part A costs:	What you pay in 2024:
Premium	<p>\$0 for most people (because they or a spouse paid Medicare taxes long enough while working - generally at least 10 years). If you get Medicare earlier than age 65, you won't pay a Part A premium. This is sometimes called "premium-free Part A."</p> <p>Do I qualify for premium-free Part A? ⓘ</p> <p>If you don't qualify for premium-free Part A: You might be able to buy it. You'll pay either \$278 or \$505 each month for Part A, depending on how long you or your spouse worked and paid Medicare taxes.</p> <p>Remember:</p> <ul style="list-style-type: none">You also have to sign up for Part B to buy Part A. Learn more about how Medicare works.

Part A costs:	What you pay in 2024:
	<ul style="list-style-type: none"> If you don't buy Part A when you're first eligible for Medicare (usually when you turn 65), you might pay a penalty. Find out more about how to avoid the Part A penalty.
Deductible	<p>\$1,632 for each inpatient hospital benefit period, before Original Medicare starts to pay.</p> <p>There's no limit to the number of benefit periods you can have in a year. This means you may pay the deductible more than once in a year.</p> <p>How do benefit periods work? ⓘ</p>
Inpatient stay	<ul style="list-style-type: none"> Days 1-60: \$0 after you pay your Part A deductible. Days 61-90: \$408 copayment each day. Days 91-150: \$816 copayment each day while using your 60 lifetime reserve days. After day 150: You pay all costs. <p>What's not covered? ⓘ</p> <p>What will I pay if I get mental health services as an inpatient? ⓘ</p>
Skilled nursing facility stay	<ul style="list-style-type: none"> Days 1-20: \$0 copayment. Days 21-100: \$204 copayment each day. Days 101 and beyond: You pay all costs.
Home health care	<p>\$0 for covered home health care services.</p> <p>20% of the Medicare-approved amount for durable medical equipment (like wheelchairs, walkers, hospital beds, and other equipment)</p>
Hospice care	<p>\$0 for covered hospice care services.</p> <p>You may also pay:</p> <ul style="list-style-type: none"> A copayment of up to \$5 for each prescription drug and other similar products for pain relief and symptom control while you're at home. What if my hospice care doesn't pay for my drug? ⓘ 5% of the Medicare-approved amount for inpatient respite care. What's not covered? ⓘ



Part B (Medical Insurance) costs

Part B costs:	What you pay in 2024:
Premium	<p>\$174.70 each month (or higher depending on your income). The amount can change each year. You'll pay the premium each month, even if you don't get any Part B-covered services.</p> <p>Who pays a higher Part B premium because of income? ⓘ</p> <p>You might pay a monthly penalty if you don't sign up for Part B when you're first eligible for Medicare (usually when you turn 65). You'll pay the penalty for as long as you have Part B. The penalty goes up the longer you wait to sign up. Find out how the Part B penalty works and how to avoid it.</p>
Deductible	<p>\$240 before Original Medicare starts to pay. You pay this deductible once each year.</p>
General costs for services (coinsurance)	<p>Usually 20% of the cost for each Medicare-covered service or item after you've paid your deductible (and as long as your doctor or health care provider accepts the <u>Medicare-approved amount</u> as full payment – called “accepting assignment”). Find out how assignment affects what you pay.</p>
Clinical laboratory services	<p>\$0 for covered clinical laboratory services.</p>
Home health care	<ul style="list-style-type: none">• \$0 for covered home health care services.• 20% of the <u>Medicare-approved amount</u> for durable medical equipment (like wheelchairs, walkers, hospital beds, and other equipment).
Inpatient hospital care	<p>20% of the <u>Medicare-approved amount</u> for most doctor services while you're a hospital inpatient.</p>

Part B costs:	What you pay in 2024:
Outpatient mental health care	<ul style="list-style-type: none"> • \$0 for your yearly depression screening. • 20% of the <u>Medicare-approved amount</u> for visits to your doctor or other health care provider to diagnose or treat your condition. • If you get your services in a hospital outpatient clinic or hospital outpatient department, you may have to pay an additional amount to the hospital.
Partial hospitalization mental health care	<p>After you meet the Part B deductible:</p> <ul style="list-style-type: none"> • 20% of the <u>Medicare-approved amount</u> for each service you get from a doctor or certain other qualified mental health professional • Coinsurance for each day of partial hospitalization services you get in a hospital outpatient setting or community mental health center
Outpatient hospital care	<ul style="list-style-type: none"> • Usually 20% of the <u>Medicare-approved amount</u> for doctor and other health care providers' services. • You'll also pay a copayment to the hospital for each service you get in a hospital outpatient setting (except for certain preventive services). In most cases, your copayment won't be more than the Part A hospital stay deductible amount. <p style="margin-left: 40px;">This additional hospital copayment means you may pay more for an outpatient service you get in a hospital than you'd pay if you got the same service in a doctor's office.</p> <p>Compare outpatient procedure costs under Original Medicare.</p>

Get help with Part A & Part B costs

If you have limited income and resources, you may be able to get help from your state to pay your premiums and other costs. [Learn more about help with costs.](#)

Medicare Advantage Plan (Part C) costs

Medicare Advantage Plan costs:	What you pay in 2024:
<p>Premiums & other costs (like deductibles, copayments, & coinsurance)</p>	<p>Varies by plan. These amounts can change each year.</p> <p>You must have Part B and keep paying your Part B premium to stay in your plan.</p> <p>Will my Medicare Advantage Plan help pay my Part B premium? ⓘ</p> <p>Compare costs for specific health care plans.</p>
<p>Out-of-pocket limit</p>	<p>Varies by plan. Once you pay the plan’s limit, the plan pays 100% of your covered health services for the rest of the calendar year.</p>

[Where can I get more cost details from my plan? ⓘ](#)

[Learn more about Medicare Advantage Plans.](#)



Part D (Drug Coverage) costs

Part D costs:	What you pay in 2024:
<p>Premium</p>	<p>Varies by plan. You may have to pay more, depending on your income.</p> <p>Who pays a higher Part D premium because of income? ⓘ</p> <p>Avoid paying a penalty:</p> <ul style="list-style-type: none"> • Join a Medicare drug plan when you first get Medicare Part A and/or Part B, and • Don't go 63 days or more without <u>creditable drug coverage</u> (coverage that's similar in value to Part D).

Part D costs:	What you pay in 2024:
	Find out more about the Part D penalty.
Deductibles, copayments, & coinsurance	Varies by plan and pharmacy. Find Medicare drug plans in your area , and compare their costs and coverage.

Get help with drug costs

If you have limited income and resources, you may be able to get [Extra Help](#) to pay your plan premiums and other drug costs. If you qualify, you won't have to pay the Part D late enrollment penalty. [Learn more about help with costs.](#)

[Learn more about Part D.](#)



Medicare Supplemental Insurance (Medigap)

Medigap costs:	What you pay in 2024:
Premium	<p>Varies based on which Medigap policy you buy, where you live, and other factors. The amount can change each year.</p> <p>You must have Part B and keep paying your Part B premium to keep your Medigap policy.</p>
Other costs	<ul style="list-style-type: none"> Medigap usually helps pay your portion of the costs (like deductibles and coinsurance) for services that Part A and Part B cover in Original Medicare. The amount you'll pay for Part A and Part B services if you have a Medigap policy varies depending on the policy you buy. Some Medigap policies include extra benefits to lower your costs, like coverage when you travel out of the country.

What do you want to do next?

- Next Step: [Get help with costs](#)
- Take Action: [Talk to someone](#)
- Get details: [Learn about the parts of Medicare](#)

Site Menu

What Medicare covers

Drug coverage (Part D)

Supplements & other insurance

Claims & appeals

Manage your health

Site map

Take Action

Find health & drug plans

Find care providers

Find medical equipment & suppliers

Find a Medicare Supplement Insurance (Medigap) policy

Find publications

Talk to someone

Manage your email preferences

Get information in other languages

CMS & HHS Websites

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InsureKidsNow.gov

Medicaid.gov

CMS.gov

HHS.gov

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[About Medicare](#)
[Using this site](#)

[Nondiscrimination / Accessibility](#)
[Plain Writing](#)

[Privacy Policy](#)

[Privacy Setting](#)

[Linking Policy](#)

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