

■ Medicare Decoder Pack

Parts A, B, C & D Explained Simply. Enrollment Windows, Costs & Traps to Avoid.

- ✓ What Parts A, B, C, and D actually cover
- ✓ Enrollment windows and what happens if you miss them
 - ✓ How to avoid the #1 late-enrollment penalty
 - ✓ Medicare Advantage vs. Medigap — full comparison
- ✓ 2026 cost breakdown: premiums, deductibles, copays
 - ✓ 9 costly Medicare mistakes retirees make

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Educational reference only — not financial or legal advice

INTRODUCTION

Welcome to Your Medicare Decoder

Medicare is one of the most important and most confusing decisions you will face in retirement. With four main parts, dozens of plan types, and enrollment windows that permanently affect your premiums, getting it wrong is costly. This guide cuts through the jargon and gives you a clear roadmap.

■ Who This Guide Is For

Anyone approaching 65, recently retired, or rethinking their current Medicare coverage. No prior Medicare knowledge required. Use this as both a primer and an ongoing reference.

How Medicare Is Structured

Medicare is divided into four parts, each covering different medical services:

Part	Name	What It Covers
A	Hospital Insurance	Inpatient stays, skilled nursing, hospice, some home health
B	Medical Insurance	Doctor visits, outpatient care, preventive services, durable equipment
C	Medicare Advantage	Private plans bundling A+B (and usually D) with extras
D	Prescription Drugs	Outpatient prescription drug coverage via private plans

■ *TIP: Part A is premium-free for most people if they (or a spouse) paid Medicare taxes for at least 10 years (40 quarters) of work.*

SECTION 1

Parts A & B — Original Medicare

Part A: Hospital Insurance

Part A covers inpatient hospital stays, skilled nursing facility care, hospice, and some home health. For most people it has no monthly premium. In 2026, the Part A deductible is \$1,676 per benefit period.

Service	Your Cost (2026)	Notes
Hospital days 1–60	\$1,676 deductible	Per benefit period (not per year)
Hospital days 61–90	\$419/day	Coinsurance you pay daily
Hospital days 91–150	\$838/day	60 lifetime reserve days total
Skilled nursing days 1–20	\$0	Fully covered
Skilled nursing days 21–100	\$209.50/day	Coinsurance you pay
Skilled nursing days 101+	100% — you pay all	Medicare stops paying

Part B: Medical Insurance

Part B covers doctor visits, outpatient hospital care, preventive services, and durable medical equipment. Unlike Part A, Part B requires a monthly premium from everyone.

Cost Item	Amount (2026)	Notes
Standard monthly premium	\$185.00/mo	Higher earners pay IRMAA surcharge on top
Annual deductible	\$257/year	Applies before Medicare starts paying 80%
Coinsurance	20% of approved	No out-of-pocket maximum in Original Medicare
Preventive services	\$0	Annual wellness visit, recommended screenings

■ **WATCH OUT:** Original Medicare (Parts A+B) has NO annual out-of-pocket maximum. A serious illness could cost tens of thousands. This is why most people add either Medigap or Medicare Advantage.

SECTION 2

Enrollment Windows — Missing These Is Costly

Initial Enrollment Period (IEP)

■ Your 7-Month Window Around Your 65th Birthday

Starts 3 months before the month you turn 65, includes your birthday month, and ends 3 months after. Example: Birthday in June → IEP runs April 1 – September 30. Enroll in months 1–3 for coverage starting the 1st of your birthday month. Wait until months 4–7 and your coverage start is delayed.

Special Enrollment Period (SEP)

If you are still covered by an employer plan through active employment at 65, you can delay Medicare without penalty. You get an 8-month SEP starting when your employment or group coverage ends (whichever is first). COBRA and marketplace plans do NOT qualify you for an SEP.

Late Enrollment Penalties — These Are Permanent

Part	Penalty	Duration
B	10% added to premium per 12-month period delayed	PERMANENT — for life
D	1% x national base premium x months late	Permanent; recalculated yearly
A (if not free)	10% for twice the years late	Max doubled duration penalty

■ *TIP: Working past 65 with employer coverage? Get a letter from HR confirming "creditable coverage." You will need it when you enroll in Medicare later.*

SECTION 3

Part C & D — Advantage Plans & Prescriptions

Medicare Advantage (Part C)

Medicare Advantage plans are offered by private insurers and bundle Part A, B, and usually D into one plan. Most add vision, dental, and hearing. Over 54% of Medicare beneficiaries chose Advantage plans in 2026.

Factor	Original Medicare	Medicare Advantage
Monthly Premium	Part B only (\$185)	Part B + plan premium (many \$0 extra)
Networks	Any Medicare provider	Usually HMO or PPO network
Out-of-Pocket Max	None (unlimited)	Capped (\$9,350 in-network 2026)
Prescriptions	Needs separate Part D	Usually included
Extra Benefits	None	Dental, vision, hearing, gym
Nationwide Travel	Covered anywhere	Limited out-of-network coverage

Part D: Prescription Drug Coverage

Part D covers most outpatient prescription drugs through private insurers. Plans vary widely. Starting 2026, the out-of-pocket cap on Part D is \$2,000 per year — a major improvement for people with high drug costs.

■ *TIP: Use the Medicare Plan Finder at Medicare.gov to compare Part D plans based on YOUR specific medications. The cheapest premium is rarely the cheapest total cost.*

SECTION 4

Medigap — Filling the Gaps in Original Medicare

A Medigap (Medicare Supplement) policy is private insurance that pays the cost-sharing gaps in Original Medicare. You pay an additional monthly premium on top of Part B.

Plan	What It Covers	Best For
Plan G	Everything except Part B deductible (\$257/yr). No copays or coinsurance.	Best all-around coverage for new enrollees
Plan N	Most costs; \$20 office copay, \$50 ER copay. Lower premium than Plan G.	Healthy retirees who want lower premium
Plan F	100% including Part B deductible. Only for those eligible before Jan 1, 2020.	Plan 2020 enrollees only — no longer available to new
Plan K	50% cost sharing. Low premium; higher out-of-pocket. OOP max \$7,000.	Subconscious, healthy retirees

■ The Critical Medigap Enrollment Window

You have a 6-month Open Enrollment Period starting the month you are both 65+ AND enrolled in Part B. During this window, insurers CANNOT deny you or charge more for pre-existing conditions. After this window closes, you may face medical underwriting and higher rates or outright denial. Do not let this window pass without choosing a plan.

SECTION 5

9 Costly Medicare Mistakes

1. Missing your Initial Enrollment Period

The Part B late penalty is 10% per 12-month period, permanently added to your premium. Three years late on a \$185 premium = \$55.50 extra every single month, forever.

2. Thinking COBRA counts as employer coverage

COBRA does NOT qualify you for an SEP. You must enroll in Medicare before your COBRA expires or you will face late penalties.

3. Skipping Part D because you take no drugs

You still face a late enrollment penalty when you eventually need prescriptions. A \$0-premium Part D plan protects you at no cost.

4. Choosing a plan without checking your medications

Drug formularies vary widely by plan. Your \$300/month medication may not be covered, or placed on a tier that costs 4x more.

5. Ignoring IRMAA

Higher earners pay Medicare surcharges based on income from 2 years prior. In 2026, individuals over \$106,000 MAGI pay extra. Plan income around this threshold.

6. Not reviewing coverage at Open Enrollment

Plans change every year. Your drugs, premiums, and network may all shift. Review annually Oct 15 – Dec 7.

7. Choosing Advantage with complex health needs

Advantage networks are restricted. Serious illnesses requiring specialists or out-of-network care can be very expensive. Original Medicare + Medigap may cost less overall.

8. Missing the Medigap open enrollment window

Once your 6-month window closes, insurers can deny or surcharge you based on health. Switching later is far harder and more expensive.

9. Not appealing IRMAA after a life event

Income dropped from retirement, job loss, or divorce? File SSA Form SSA-44 to request a redetermination and reduce your IRMAA surcharge.

SECTION 6

IRMAA — Income-Related Premium Surcharges

If your Modified Adjusted Gross Income (MAGI) exceeds certain thresholds, you pay surcharges on Part B and Part D premiums. Medicare looks at your tax return from 2 years prior.

Individual MAGI	Married MAGI	Part B Premium	Extra/Month
\$106,000 or less	\$214,000 or less	\$185.00	Standard
\$106,001 - \$133,000	\$214,001 - \$267,000	\$259.00	+\$74/mo
\$133,001 - \$167,000	\$267,001 - \$334,000	\$370.00	+\$185/mo
\$167,001 - \$200,000	\$334,001 - \$400,000	\$481.00	+\$296/mo
\$200,001 - \$500,000	\$400,001 - \$750,000	\$592.00	+\$407/mo
Over \$500,000	Over \$750,000	\$628.90	+\$443.90/mo

■ *TIP: Roth conversions in the 2 years BEFORE Medicare starts can shift income out of high-IRMAA brackets permanently. Consult a tax advisor about timing.*

SECTION 7

Your Medicare Planning Checklist

- Mark your 65th birthday calendar — IEP begins 3 months earlier
- Confirm whether employer coverage is creditable (get it in writing)
- Decide: Original Medicare + Medigap OR Medicare Advantage
- Compare Part D plans at Medicare.gov using your actual drug list
- Enroll in Part B and Part D during IEP (or document SEP eligibility)
- Enroll in Medigap during your 6-month open enrollment window
- Check IRMAA brackets using your tax return from 2 years ago
- Set reminder: review plan every Oct 15 – Dec 7 at Annual Enrollment
- Keep Medicare cards safe; make digital backup

RESOURCES

Medicare Resources & Next Steps

Resource	What It Provides
Medicare.gov	Official plan finder, enrollment, drug comparison tool
1-800-MEDICARE (633-4227)	24/7 helpline — free counseling on all Medicare questions
SHIP (shiphelp.org)	Free, unbiased, local Medicare counselors in every state
SSA.gov	Social Security Administration — enrollment and IRMAA appeals
Medicare.gov/plan-compare	Side-by-side comparison of all Advantage and Part D plans

Have Medicare Questions? Ask Our AI Advisor — Free.

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