

MEDICARE, MADE CLEAR

A Senior's Guide to Medicare

Understanding Parts A, B, C & D, Medigap,
Enrollment Timing, and Your Costs



HOSPITAL
Part A
Inpatient Care

PHYSICIAN
Part B
Outpatient Care

ADVANTAGE
Part C
Private Plans

PHARMACY
Part D
Prescriptions

Prepared for Seniors and Their Families

A plain-language reference to help you make confident, informed decisions about your Medicare coverage.

SC Insurance Advisors • 2026 Edition

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Introduction

Welcome. If Medicare feels confusing, you are not alone — it is a program with many moving parts, and the rules can seem to change every year. This guide was written to walk you through it in plain, everyday language, without the jargon that so often gets in the way.

Whether you are approaching your 65th birthday, helping a parent or spouse sort through their options, or simply want to double-check that your current coverage still makes sense, this guide will help you understand:

- **What each part of Medicare covers** — Parts A, B, C, and D, explained side by side.
- **How Medicare Advantage and Medigap differ** — and how to think about which path fits your life.
- **When you can enroll or make changes** — so you avoid late penalties and coverage gaps.
- **What things typically cost** — premiums, deductibles, and income-related surcharges.
- **What Medicare does not cover** — so there are no surprises down the road.

A note on figures: Medicare's premiums, deductibles, and thresholds are adjusted every year. The dollar amounts in this guide reflect the 2026 program year, so always confirm current numbers with a licensed advisor before making a decision.

How to Use This Guide

Read the chapters in order for a complete overview, or jump straight to the topic you need using the Table of Contents.

Look for the colored boxes and tables throughout — they summarize the most important numbers and comparisons at a glance.

When in doubt, Medicare's official counselors (SHIP) offer free, unbiased help in every state.

Chapter 1: Overview of Medicare Parts A, B, C, and D

Medicare is split into four distinct sections, managed either by the federal government or private insurance companies. Understanding this four-part structure is the foundation for everything else in this guide.

HOSPITAL Part A Inpatient Care	PHYSICIAN Part B Outpatient Care	ADVANTAGE Part C Private Plans	PHARMACY Part D Prescriptions
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Part A — Hospital Insurance

Managed by the federal government, Part A covers inpatient hospital stays, skilled nursing facility care, hospice, and limited home healthcare. Most beneficiaries do not pay a monthly premium for Part A if they have worked at least 10 years (40 quarters) in Medicare-taxed employment.

Part B — Medical Insurance

Also part of “Original Medicare,” Part B covers outpatient doctor visits, preventive care services, medical equipment, and laboratory tests. It requires a standard monthly premium (\$202.90) and an annual deductible.

Part C — Medicare Advantage

An alternative framework to Original Medicare where private, Medicare-approved companies bundle your Part A, Part B, and usually Part D coverage into a single health plan.

Part D — Prescription Drug Coverage

Optional, standalone policies run by private insurance companies that help pay for retail prescription medications.

Chapter 2: Medicare Advantage (Part C)

Medicare Advantage serves as an all-in-one alternative to Original Medicare. Private insurance carriers manage these networks, which function similarly to commercial HMOs or PPOs.

Original Medicare	Medicare Advantage
• Part A (Hospital) • Part B (Medical) • Add-on Part D (Prescription) • Add-on Medigap (Supplement)	• Bundled Care (HMO/PPO) • Part A + Part B Included • Often Includes Part D • Extras: Dental, Vision, Gym

What Is It?

Instead of the federal government paying for medical claims directly, Medicare pays private insurers a fixed amount to manage your care. These plans must cover all medically necessary services found in Original Medicare, but they often restrict care to specific regional provider networks and utilize prior authorizations. Many plans offer extra perks not covered by traditional Medicare, including routine dental cleanings, vision exams, hearing aids, and fitness memberships.

Who Is It For?

Medicare Advantage is designed for individuals who:

- Prefer low or \$0 monthly plan premiums versus paying for a separate monthly Medigap supplement policy.
- Appreciate the convenience of a centralized health card combining medical and prescription coverage.
- Are comfortable staying within local doctor networks and obtaining referrals or pre-approvals for care.
- Meet the core eligibility criteria: being enrolled in both Medicare Part A and Part B and residing inside the plan's specific county service area.

Chapter 3: Medicare Supplement (Medigap) Plans

Medicare Supplement Insurance, or Medigap, consists of private insurance policies designed to work alongside Original Medicare. They do not replace your coverage; rather, they step in to pay the deductibles, copayments, and coinsurance costs that you would otherwise owe out-of-pocket.

Full Plan-by-Plan Benefits Comparison (2026)

Medigap plans are standardized nationwide (Massachusetts, Minnesota, and Wisconsin use their own standardized plans). Every insurer selling “Plan G,” for example, must offer identical benefits — only the premium and customer service differ. The grid below shows exactly what percentage of each cost-sharing gap every current plan covers.

Benefit	A	B	C ¹	D	F ¹	G	K ²	L ²	M	N ³
Part A coinsurance & hospital costs (up to 365 extra days)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Part B coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100% ³
Blood (first 3 pints)	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Part A hospice coinsurance / copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Skilled nursing facility coinsurance	No	No	100%	100%	100%	100%	50%	75%	100%	100%
Part A deductible (\$1,736 in 2026)	No	100%	100%	100%	100%	100%	50%	75%	50%	100%
Part B deductible (\$283 in 2026)	No	No	100%	No	100%	No	No	No	No	No
Part B excess charges	No	No	No	No	100%	100%	No	No	No	No
Foreign travel emergency (80%, plan limits)	No	No	80%	80%	80%	80%	No	No	80%	80%
2026 annual out-of-pocket limit	—	—	—	—	—	—	\$8,000	\$4,000	—	—

¹ Plans C and F are only available to those who became eligible for Medicare before January 1, 2020. Both also offer a high-deductible version (HD-G, HD-F) with a \$2,950 deductible in 2026 — you pay covered costs out-of-pocket up to that amount, then the plan pays 100%.

² Plans K and L carry annual out-of-pocket limits (\$8,000 for K, \$4,000 for L in 2026). Once you reach that limit and pay the annual Part B deductible, the plan pays 100% of covered services for the rest of the calendar year.

³ Plan N pays 100% of Part B coinsurance except for a copay of up to \$20 for some office visits and up to \$50 for emergency room visits that don't result in an inpatient admission.

Plans E, H, I, and J are legacy plans no longer sold since 2010; if you already own one, you can keep it, but new enrollees cannot purchase them.

Standardized Medigap Plans (A–N) Summaries

Medicare Supplement Insurance (Medigap) plans are standardized by the federal government and labeled by letters. While the coverage for each lettered plan is exactly the same regardless of which private insurance company sells it, the plans differ significantly in what they cover.

- **Plan A (Basic Core Benefits):** Plan A provides the most basic level of coverage. It pays for 100% of Medicare Part A hospital coinsurance and provides up to an additional 365 days of hospital care after Medicare benefits are exhausted. It also covers Part B coinsurance or copayments and the first three pints of blood each year, but it leaves you responsible for all deductibles.
- **Plan B (Basic with Part A Deductible):** Plan B includes all the core benefits found in Plan A, but it adds 100% coverage for the Medicare Part A inpatient hospital deductible. You remain responsible for the Part B deductible and any outpatient out-of-pocket costs.
- **Plan C (Comprehensive Pre-2020 Plan):** Plan C is highly comprehensive, covering everything except Part B excess charges. It pays for the Part A deductible, Part B deductible, skilled nursing facility coinsurance, and foreign travel emergency care. Only available if you became eligible for Medicare before January 1, 2020.
- **Plan D (Comprehensive Outpatient Coverage):** Plan D covers almost everything Plan C does, including the Part A hospital deductible, skilled nursing coinsurance, and foreign travel emergency care. However, it does not cover the Part B annual deductible or Part B excess charges.
- **Plan F (The “Full Coverage” Pre-2020 Plan):** Plan F covers 100% of all Medicare gaps, including both the Part A and Part B deductibles, skilled nursing care, and Part B excess charges, leaving you with zero out-of-pocket costs for Medicare-covered services. Only available if you became eligible for Medicare before January 1, 2020.
- **Plan G (The Premier Modern Standard):** Plan G is the most popular plan for new enrollees because it covers every gap in Original Medicare except for the annual Part B deductible. Once you pay that small initial deductible out-of-pocket, Plan G covers 100% of your remaining medical bills, including Part B excess charges.
- **Plan K (Cost-Sharing Tracker):** Plan K is a budget-friendly option that covers 100% of your Part A hospital coinsurance but only covers 50% of most other core medical gaps (like the Part A deductible and blood). It protects you financially with a built-in annual out-of-pocket

maximum; once you hit that cap, the plan pays 100% of covered services for the rest of the year.

- **Plan L (Higher Cost-Sharing Tracker):** Similar to Plan K, Plan L lowers your monthly premiums by utilizing cost-sharing. It covers 100% of Part A hospital coinsurance but increases coverage to 75% for other Medicare gaps, and features a lower annual out-of-pocket maximum than Plan K.
- **Plan M (Split Deductible Plan):** Plan M covers 100% of Part B coinsurance, skilled nursing facility care, and foreign travel emergencies, but it only pays for 50% of the Part A hospital deductible. It does not cover the Part B deductible or Part B excess charges.
- **Plan N (Copay-Based Alternative):** Plan N offers lower premiums than Plan G by introducing minor copayments. It covers 100% of the Part A deductible and Part B coinsurance, but you must pay up to a \$20 copay for certain doctor office visits, up to a \$50 copay for emergency room visits, and all Part B excess charges.

Understanding Part B Excess Charges and How to Avoid Them

A Part B excess charge is an additional fee that a physician or medical provider can legally tack onto your bill if they do not participate in “Medicare assignment.” Medicare assignment means a doctor agrees to accept the Medicare-approved reimbursement rate as full payment for a service. Providers who do not accept assignment can charge up to an extra 15% above the standard Medicare-approved amount, leaving you to pay the difference out-of-pocket.

You can easily avoid Part B excess charges in two ways:

- **Enroll in Plan G or Plan F:** These specific Medigap plans explicitly cover Part B excess charges at 100%, meaning the insurance company pays the surcharge for you.
- **Verify Doctor Status:** If you have a plan that does not cover excess charges (like Plan N or Plan D), simply ask your doctors if they “accept Medicare assignment” before booking an appointment. Over 95% of physicians nationwide accept assignment, meaning excess charges are relatively rare and completely avoidable with a quick phone call. Furthermore, some states (including Connecticut, Ohio, Massachusetts, Minnesota, New York, Pennsylvania, Rhode Island, and Vermont) completely ban doctors from charging Part B excess fees by state law.

The Medigap “Birthday Rule”

Under federal law, most people only get one guaranteed period to buy or switch a Medigap policy without medical underwriting: the six-month Medigap Open Enrollment Period that begins when they are 65 or older and first enroll in Part B. After that window closes, switching to a different Medigap plan normally requires answering health questions, and an insurer can charge you more — or deny you coverage entirely — based on your medical history.

A growing number of states soften that rule with what's known as the “birthday rule.” In these states, if you already own a Medigap policy, you get a yearly window built around your birthday — typically 30 to 63 days, depending on the state — during which you can switch to a different policy with equal or lesser benefits, often with no health questions asked. Some states restrict you to plans from your current insurer, while others let you shop any carrier. As of 2026, roughly a 18 states offer some version of this protection, including California, Idaho, Illinois, Kentucky, Louisiana, Maryland, Nevada, Oregon, Delaware, Indiana, and West Virginia, with more states, such as New Mexico, adding it in 2027.

The birthday rule is set entirely by state law, not by Medicare, so the details — the length of the window, whether you can change insurance companies, and which plans qualify — vary widely

from state to state. It is also a switching right, not a way to buy your very first Medigap policy, and it does not apply if you are enrolled in Medicare Advantage instead of Original Medicare. If you already have Medigap coverage, it is worth checking with your state's Department of Insurance or a licensed SHIP counselor each year to see whether a birthday rule window is available to you — it can be a low-risk way to shop for a lower premium or a better-fitting plan without jeopardizing your existing coverage.

Chapter 4: Part D — Prescription Drug Coverage

Medicare Part D plans are standalone insurance policies that help cover your retail pharmacy prescription drug costs.

Part D Prescription Benefits at a Glance

\$2,100 maximum out-of-pocket cap on covered drugs (\$2,400 for 2027)

\$35/month cap on covered insulin

\$0 copay on recommended vaccines

The Part D “donut hole” coverage gap has been fully closed

Plan Structures and Formularies

Every Part D insurer maintains its own “formulary,” which is a tiered list of covered medications. Tier 1 generally features inexpensive generic drugs, whereas higher tiers consist of costly brand-name and specialty medications.

Major Reforms and Caps

The financial landscape of Part D has undergone significant improvements:

- **Out-of-Pocket Maximum:** Total out-of-pocket spending on covered formulary drugs is strictly capped at \$2,100 (increased to \$2,400 for 2027). Enrollees can choose to distribute these drug costs into predictable monthly installments throughout the year.
- **Donut Hole Elimination:** The confusing coverage gap known as the Part D “donut hole” has been entirely eliminated, preventing sudden spikes in medication costs mid-year.
- **Insulin and Vaccines:** Co-payments for covered insulin products are capped at a maximum of \$35 per month, and all recommended adult vaccines are covered at a \$0 co-payment.

Chapter 5: Medicare Enrollment Periods

Signing up for Medicare is restricted to formal enrollment windows. Missing these specific windows can trigger permanent late-enrollment premium penalties or delay your healthcare coverage.

IEP Turning 65 7-Month Window	AEP Fall Open Enrollment Oct 15 – Dec 7	OEP Advantage Switch Jan 1 – Mar 31
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- **Initial Enrollment Period (IEP):** Your first opportunity to enroll around your 65th birthday. This is a 7-month window spanning the 3 months prior to your birthday month, your actual birth month, and the 3 months immediately following.
- **Annual Enrollment Period (AEP):** Occurs every fall from October 15 through December 7. During this time, any Medicare beneficiary can freely switch between Original Medicare and Medicare Advantage, change their Advantage plans, or modify their Part D prescription coverage.
- **Medicare Advantage Open Enrollment Period (MA OEP):** Active from January 1 through March 31. It is restricted entirely to individuals who are already enrolled in a Medicare Advantage plan; it allows a one-time change to another Advantage plan or a return to Original Medicare paired with a standalone Part D plan.
- **General Enrollment Period (GEP):** Active from January 1 through March 31 for those who missed their initial sign-up window and lack a qualifying exception. Coverage begins the first day of the following month, though late penalties may apply.
- **Special Enrollment Periods (SEP):** Flexible, customized enrollment windows triggered by specific qualifying life events. Examples include losing group health coverage from an employer, relocating outside your plan's regional service area, or qualifying for low-income assistance programs.

Chapter 6: IRMAA and Coverage Limitations

Income-Related Monthly Adjustment Amount (IRMAA)

IRMAA is a progressive financial surcharge added to standard Part B and Part D premiums for higher-income beneficiaries. The Social Security Administration evaluates your tax returns from two years prior to determine if you exceed the base thresholds.

If your yearly income in 2024 was:			
File individual tax return	File joint tax return	File married & separate tax return	You pay each month (in 2026):
\$109,000 or less	\$218,000 or less	\$109,000 or less	\$202.90
above \$109,000 up to \$137,000	above \$218,000 up to \$274,000	not applicable	\$284.10
above \$137,000 up to \$171,000	above \$274,000 up to \$342,000	not applicable	\$405.80
above \$171,000 up to \$205,000	above \$342,000 up to \$410,000	not applicable	\$527.50
above \$205,000 and less than \$500,000	above \$410,000 and less than \$750,000	above \$109,000 and less than \$391,000	\$649.20
\$500,000 or above	\$750,000 or above	\$391,000 or above	\$689.90

If you have questions about your Part B premium, call Social Security at 1-800-772-1213. TTY users can call 1-800-325-0778. If you pay a late enrollment penalty, these amounts may be higher.

2026 Part B deductible—\$283 before Original Medicare starts to pay

You pay this deductible once each year.

- **Part B Impact:** While individuals earning \$109,000 or less pay the standard premium, surcharges for higher earners add an extra \$81.20 to \$487.00 per month depending on income brackets.
- **Part D Impact:** High earners must pay an extra statutory fee ranging from \$14.50 to \$91.00 per month on top of their private drug plan's base premium.

- **Appeals:** If your income drops significantly due to a major life-changing event (such as retirement, divorce, or the loss of a spouse), you can request a premium reduction by submitting Form SSA-44.

What Medicare Does Not Cover

Original Medicare is not a universal health policy; it features explicit gaps in care. Unless you acquire a Medicare Advantage plan that specifically bundles these services, traditional Medicare will not pay for:

- Long-term custodial care (assisted living facilities or nursing home room and board).
- Routine adult dental treatments, cleanings, extractions, or dentures.
- Routine eye examinations, eyeglasses, or corrective lenses.
- Hearing evaluations and hearing aid purchases.
- Cosmetic procedures or alternative medical care, such as acupuncture.

Chapter 7: Getting Started

Taking the first steps to enroll in Part A and Part B

Enrolling in Original Medicare (Parts A and B) can be intimidating. The following list takes the guesswork out of the process. If you get stuck, call us. We can help!

1

Check if you are enrolled automatically — if you already get Social Security or Railroad Retirement Board benefits, you are enrolled in Part A and Part B automatically at 65.

2

Know your Initial Enrollment Period — a 7-month window that starts 3 months before the month you turn 65 and ends 3 months after.

3

Apply through Social Security — sign up online at [SSA.gov](https://www.ssa.gov), by phone at 1-800-772-1213, or in person at your local office.

4

Confirm Part A and Part B — Part A is usually premium-free; Part B has a monthly premium, so accept it and set up payments.

5

Watch for your Medicare card — your card arrives by mail, and coverage begins based on when you enrolled. Estimated time to arrive is 4-6 weeks from date of application. When it arrives, call us!

6

Avoid late penalties — enroll on time unless you have qualifying coverage to avoid lasting Part B penalties.

Who is SC Insurance Advisors?



Founded in 2017, SC Insurance Advisors offers a diverse range of insurance products. Based in the Denver metro area, we are licensed in all 50 states. Our independent licensed agents are highly knowledgeable about Medicare coverage and supplemental insurance products offered by insurance companies and by region.

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