

2026 Edition

# Medicare Made Simple

*Your 2026 National Guide*

Everything you need to know about Medicare — explained clearly,  
so you can make confident decisions about your healthcare  
coverage.

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This guide is for informational purposes only. Contact a licensed Medicare specialist for personalized advice.

# What Is Medicare?

Medicare is the federal health insurance program for Americans age 65 and older, as well as certain younger people with disabilities or specific conditions like End-Stage Renal Disease (ESRD). It was signed into law by President Lyndon B. Johnson in 1965 and today covers more than **67 million Americans**.

## Who Qualifies?

- ✓ Age 65+ (U.S. citizen or permanent resident)
- ✓ Under 65 with qualifying disability (24 months on SSDI)
- ✓ End-Stage Renal Disease (ESRD)
- ✓ ALS (Lou Gehrig's Disease) — immediate eligibility

## When to Enroll

- **Initial Enrollment Period (IEP):** 7-month window around your 65th birthday
- **3 months before** your birth month **3 months after** through
- Missing your IEP can result in **permanent late enrollment penalties**

### ⚡ KEY FACT

Every day, approximately **10,000 Americans turn 65** and become eligible for Medicare. Planning ahead — ideally 6-12 months before your 65th birthday — gives you the best options and avoids costly gaps in coverage.

# The 4 Parts of Medicare

A

## Hospital Insurance

Covers inpatient hospital stays, skilled nursing facility care, hospice care, and some home health services.

**2026 Cost: \$0 premium**

if you worked 40+ quarters. \$518/day deductible days 61-90.

B

## Medical Insurance

Covers doctor visits, outpatient care, preventive services, durable medical equipment, and mental health services.

**2026 Premium: \$202.90/month**

\$257 annual deductible. 20% coinsurance after deductible.

C

## Medicare Advantage

Private insurance alternative to Original Medicare. Bundles Parts A + B + often Part D. May include dental, vision, and hearing.

**Many plans: \$0 premium**

Network restrictions apply. Out-of-pocket maximum protection.

D

## Prescription Drugs

Covers prescription medications through private insurance carriers. Each plan has its own formulary (drug list) and cost structure.

**2026 Avg: ~\$35-\$55/month**

\$2,000 out-of-pocket drug cap in 2026 (new this year).

# Medicare Advantage vs. Medigap Supplement

This is the most important coverage decision you'll make. Here's how they compare:

Feature	Medicare Advantage (Part C)	Medigap Supplement
Monthly Premium	Often \$0 (+ Part B \$202.90)	\$80–\$300+ (+ Part B \$202.90)
Doctor Choice	Network restricted (HMO/PPO)	Any doctor accepting Medicare
Referrals Needed	Often required (HMO)	No referrals needed
Out-of-Pocket Max	Yes — capped annually	Depends on plan (Plan G = very low)
Dental/Vision/Hearing	Many plans include extras	Not included
Travel Coverage	Limited to service area	Nationwide (some intl emergency)
Predictability	Costs vary with usage	Very predictable costs
Best For	Healthy, cost-conscious, local care	Complex needs, travelers, predictability

**Bottom line:** There's no universally "better" choice — it depends on your health, doctors, budget, and lifestyle. This is exactly why working with a licensed specialist like Rodney Cummings makes such a difference. He shops dozens of carriers on your behalf at no cost to you.

# 2026 Medicare Costs

PART A	PART B	PART D
<p><b>\$0</b></p> <p>premium for most</p>	<p><b>\$202.90</b></p> <p>per month</p>	<p><b>\$2,000</b></p> <p>out-of-pocket cap (NEW)</p>
<p>Inpatient deductible: <b>\$1,676</b></p> <p>Days 61–90: <b>\$518/day</b></p>	<p>Annual deductible: <b>\$257</b></p> <p>Coinsurance: <b>20% after deductible</b></p>	<p>Avg premium: <b>~\$35–\$55/mo</b></p> <p>Deductible: up to <b>\$590</b></p>

## IRMAA — Income-Related Premium Adjustments

If your income exceeds certain thresholds, you'll pay more for Parts B and D. Based on your 2024 tax return (2-year look-back):

Income Threshold	Monthly Premium	Tier
≤\$106,000	\$202.90/mo	Standard
\$106K–\$133K	\$285.00/mo	Tier 1
\$133K–\$167K	\$399.00/mo	Tier 2
\$167K+	\$513–\$628/mo	Tiers 3–5

# Enrollment Windows — Get Them Right

## IEP

### Initial Enrollment Period

7 months: 3 before your birth month + birth month + 3 after

Your first and most important window. Enroll in Parts A and B. Missing this can mean **permanent late enrollment penalties** — 10% per year for Part B, 1% per month for Part D.

## AEP

### Annual Enrollment Period

October 15 – December 7 every year

The main window to switch Medicare Advantage plans, switch from Advantage back to Original Medicare, or change Part D drug plans. Changes take effect January 1.

## OEP

### Open Enrollment Period (Advantage)

January 1 – March 31 every year

If you're already on a Medicare Advantage plan, you can switch to another Advantage plan or return to Original Medicare once during this period.

## SEP

### Special Enrollment Period

Triggered by qualifying life events

Losing employer coverage, moving out of plan service area, qualifying for Medicaid — all trigger an SEP. This prevents penalty for late enrollment when you had employer coverage past 65.

# Prescription Drug Coverage

## Check the Formulary First

Every Part D plan has a drug list (formulary) with tiers. Tier 1 is cheapest; Tier 5 is specialty (most expensive). Always confirm your specific drugs are covered before enrolling.

## 2026: \$2,000 Out-of-Pocket Cap

New in 2026 — catastrophic drug costs are now capped at \$2,000 annually. This is a major improvement for anyone on expensive medications.

## Extra Help Program

If your income is limited, the Low Income Subsidy (LIS/"Extra Help") program can reduce your Part D costs to near zero. About 13 million people qualify but many don't apply.

## Review Every Year at AEP

Drug plan formularies and premiums change annually. The plan that was best last year may not be best this year. Always compare during October 15 – December 7.

# 5 Costly Mistakes to Avoid

1

## Missing Your IEP Window

The 10% Part B penalty is permanent — it applies every year for the rest of your life.

2

## Assuming Employer Coverage Counts

Only employer coverage from a company with 20+ employees qualifies. Smaller employers — you MUST enroll in Medicare at 65.

3

## Skipping Part D Because You're Healthy

The penalty is 1% per month you delay. Skip 24 months = 24% added to your premium permanently.

4

## Choosing a Plan Without Checking Your Doctors

Medicare Advantage networks change yearly. Always verify your doctors are in-network for the coming year.

5

## Going It Alone Without a Specialist

A licensed Medicare specialist costs you nothing — carriers pay the commission. You get expert guidance, carrier comparison, and ongoing support at no charge.

## CHAPTER 8 — YOUR NEXT STEPS

# Ready for a Free Medicare Review?

Every person's Medicare situation is unique. Rodney Cummings will review your specific circumstances, compare carriers on your behalf, and help you choose the plan that saves you the most money — at no cost to you.



Free Carrier Comparison



Doctor Network Check



Drug Formulary Review



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