

2026 MEDICARE GUIDE

Medicare Maximum Out-of-Pocket Costs

What's Covered, What's Not, and How to Protect
Yourself From Catastrophic Medical Bills in 2026

\$0

Original Medicare
Lifetime Maximum

\$868

Per Day — Hospital
Lifetime Reserve Days

\$217

Per Day — Skilled
Nursing (Days 21–100)

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The Shocking Truth About Medicare's "No Lifetime Maximum"

Most people approaching 65 hear something reassuring: *"Medicare has no lifetime maximum benefit."* And it's true — there is no dollar cap on how much Medicare will pay out over your lifetime. Unlike old pre-ACA private insurance plans that cut you off after \$1 million or \$2 million, Medicare keeps paying.

But here's what nobody tells you: **no lifetime maximum on what Medicare pays is NOT the same as no limit on what YOU pay.**

*"Original Medicare (Parts A and B) has **no annual out-of-pocket maximum** for beneficiaries. There is no limit to what you can owe in a given year — only individual benefit limits per service category."*

— Medicare.gov, 2026

This means a catastrophic illness — cancer, a major cardiac event, a long hospital stay — can expose you to tens of thousands of dollars in costs, year after year, with no ceiling.

✓ WHAT "NO LIFETIME MAX" MEANS

- Medicare never stops paying for covered services
- No dollar cap on total Medicare payouts
- Chronic conditions covered indefinitely
- Cancer treatment covered year after year

⚠ WHAT IT DOES NOT MEAN

- No limit on YOUR annual costs
- Not free after a certain amount
- Doesn't cover everything
- No protection from 20% coinsurance spiral

Part A Hospital Costs — Day by Day

Part A covers inpatient hospital stays, but your costs escalate dramatically the longer you stay. Each hospital stay is measured in "benefit periods" — and the costs reset with each new benefit period.

2026 PART A HOSPITAL BENEFIT PERIOD COSTS

HOSPITAL DAYS	YOUR DAILY COST	CUMULATIVE EXPOSURE
Day 1 — Deductible	\$1,676	\$1,676
Days 2–60	\$0/day	\$1,676
Days 61–90	\$434/day	Up to \$14,696
Days 91–150 60 Lifetime Reserve Days	\$868/day	Up to \$52,080 more
Day 151+ Reserve days exhausted	100% YOU	Unlimited

⚠ Critical Detail: The 60 lifetime reserve days are just that — lifetime. Once used, they're gone forever. A second long hospital stay in a different year has NO reserve day protection.

Part B — The 20% With No Cap

Part B covers outpatient care — doctor visits, lab work, imaging, chemotherapy, dialysis, durable medical equipment, and much more. After your deductible, Medicare pays 80% and **you owe 20% with absolutely no annual maximum.**

\$202.90

Monthly Premium
(standard 2026)

\$283

Annual Deductible
(2026)

20%

Your Share
NO ANNUAL CAP

What 20% Looks Like in Real Life

Chemotherapy (per session, avg)

\$600–\$1,200 per session
20% of \$3,000–\$6,000 avg cost

Dialysis (annual, 3x/week)

\$14,000–\$20,000/year
20% of \$70,000–\$100,000 annual cost

MRI / Advanced Imaging

\$200–\$600 per scan
20% of \$1,000–\$3,000 avg cost

Cardiac Catheterization

\$2,000–\$5,000
20% of \$10,000–\$25,000

The Spiral Risk: A cancer diagnosis requiring weekly chemotherapy for 52 weeks could cost you \$31,000–\$62,000 in Part B cost-sharing alone — in a single year — with no protection unless you have a Supplement or Advantage plan.

Skilled Nursing Facility — The Hidden Cost

A hip replacement, stroke, or fall that requires rehabilitation in a skilled nursing facility (SNF) is one of the most common — and most financially devastating — Medicare gaps. Most beneficiaries don't discover this until they get the bill.

2026 SKILLED NURSING FACILITY COVERAGE

SNF DAYS	MEDICARE PAYS	YOU PAY
Days 1–20	100%	\$0
Days 21–100	Partial	\$217/day
Day 101+	\$0	100% — ALL COSTS

REAL SCENARIO: HIP REPLACEMENT REHAB

SNF Stay Duration

45 Days

Plus Part A Deductible

\$1,676

Days 21–45 Coinsurance

\$5,425

Total Out-of-Pocket

\$7,101

Important: To qualify for SNF coverage, you must have a qualifying 3-day inpatient hospital stay first. Observation status (even if you sleep at the hospital) does NOT count — another trap many beneficiaries fall into.

Medicare Advantage — Capped But Complicated

Medicare Advantage (Part C) plans offer one key protection that Original Medicare doesn't: an **annual out-of-pocket maximum**. Once you hit that cap, covered services cost you nothing for the rest of the year.

2026 AVERAGE

\$5,200

In-Network OOP Max

CMS 2026 CAP

\$9,350

Maximum Allowed OOP

PART D OOP

\$2,100

Drug Cost Cap (2026)

What the Cap Doesn't Always Cover



Out-of-Network Care — most plans have a separate (higher) OOP max for out-of-network services, or no coverage at all with HMO plans



Resets Annually — the OOP max resets January 1st every year. A hospital stay in December + one in January = two full deductibles



Prior Authorization — Advantage plans can require pre-approval for expensive procedures. Denial = you pay 100%



Network Restrictions — your preferred specialists may not be in-network, especially if you travel or winter in another state

Real Cost Scenarios

SCENARIO A

Hip Replacement

Without Supplement

\$8,777+

Part A Deductible
\$1,676

SNF Days 21-45
\$5,425

Part B (PT/OT)
\$1,676+

SCENARIO B

Cardiac Event + Stent

Without Supplement

\$12,000-\$18,000

Hospital Days 1-5
\$1,676 deductible

Cardiac Cath (20%)
\$3,000-\$5,000

Cardiology Follow-ups
\$2,000-\$4,000

SCENARIO C — WORST CASE

Cancer Diagnosis

Annual Without Supplement

\$30,000-\$60,000+

Chemo (52 sessions)
\$31,000-\$62,000

Hospital + Surgery
\$1,676+ deductible

Part D Drugs
Capped at \$2,100

Your Protection Plan

You have two main paths to protect yourself from Medicare's unlimited cost exposure. Neither is perfect for everyone — the right choice depends on your health, budget, travel habits, and doctor preferences.

OPTION 1

Medicare Supplement (Medigap)

- Plan G: covers ALL gaps except Part B deductible
- No network restrictions — any Medicare doctor
- Predictable costs — just your monthly premium
- No prior authorization required
- Works anywhere in the US
- Higher monthly premium (\$120–\$250/mo)

Best For:

Higher utilizers, travelers, those who want zero surprises

OPTION 2

Medicare Advantage (Part C)

- Annual OOP cap (avg \$5,200 in-network)
- Often \$0 monthly premium
- Includes dental, vision, hearing extras
- Network restrictions apply (HMO/PPO)
- Prior authorization may be required
- Cap resets every January 1st

Best For:

Lower utilizers, budget-conscious, local care preference

The Bottom Line

Original Medicare alone leaves you exposed to potentially unlimited costs. The right supplement or Advantage plan can cap or eliminate that exposure entirely — often for less than a single unexpected medical bill. The key is choosing the right plan for YOUR specific situation, doctors, medications, and health history.



READY TO PROTECT YOURSELF?

Let's Find the Right Medicare Plan for You

Rodney Cummings is an independent Medicare broker licensed with 20+ carriers — he works for YOU, not the insurance companies. His consultation is always free.



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