



## Facing the Complexities of Medicare


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There is no denying it: Medicare is a complicated insurance program that beneficiaries — and even professionals — can find challenging to navigate. Understanding the basic features of the program can help in accessing its benefits and minimizing costly mistakes. This Medicare guide gives you an overview of key Medicare basics as well as steps you can take to help ensure that you receive the benefits to which you are entitled.

This guide will help you understand the basics to make Medicare decisions. It provides information on Medicare eligibility and enrollment, health and drug coverage options, and 2025 Original Medicare\* costs. It also includes useful tips to help you make coverage decisions. Ask your financial advisor or investment professional for additional information on ways to fill gaps in Medicare coverage and programs for people with limited incomes. Remember, too, that this guide is not exhaustive, and if you have complicated questions, it is a good idea to contact 1-800-MEDICARE or your State Health Insurance Assistance Program (SHIP). To find your SHIP's helpline number, call 1-877-839-2675 or visit [shiphelp.org](https://shiphelp.org).

### Medicare eligibility

You are eligible for Medicare if you meet one or more of the following requirements:

- You are 65 or older and eligible for Social Security or Railroad Retirement benefits.
- You are 65 or older and either a US citizen or a permanent resident who has lived in the US continuously for five years before applying.

- You are 65 or older and either a US citizen or a permanent resident who has lived in the US.
- You have received Social Security disability income (SSDI) checks for at least 24 months.
- You qualify for SSDI because you have been diagnosed with ALS (Lou Gehrig's disease).
- You have been diagnosed with End-Stage Renal Disease (ESRD), also known as kidney failure, and you, your spouse or your parent has paid Medicare taxes for a sufficient amount of time, as specified by the Social Security Administration (SSA).

It is important to note that if you are 65 or older, you do not have to take your Social Security or Railroad Retirement benefits in order to enroll in Medicare coverage.

Also, if you are 65 or older and ineligible for Social Security or Railroad Retirement benefits but you meet the citizen or permanent resident requirement, you must pay a premium for Medicare Part A (see Part A costs for more information). The amount you pay for Part A depends on your or your spouse's work history (how long you paid Medicare taxes while working).

\*Original Medicare is the traditional program offered directly through the federal government. It includes Part A and Part B.

Adapted from the publication *Facing the Complexities of Medicare*, created by the Medicare Rights Center. Used with permission. For more answers about Medicare, visit [medicareinteractive.org](https://medicareinteractive.org).



This material should be used as helpful hints only. Each person's situation is different. You should consult your financial advisor or investment professional before making any decisions. **Also be sure to confirm any decision in writing with a Social Security (1-800-772-1213) or Medicare (1-800-MEDICARE) representative.**

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### How Medicare works

Medicare is the federal health insurance program available to older Americans and many individuals with disabilities, regardless of income.

There are four parts of Medicare: Part A, Part B, Part C (Medicare Advantage) and Part D.

- Medicare Part A covers inpatient hospital care, skilled nursing facility (SNF) care, home health care and hospice services.
- Medicare Part B covers outpatient medical care, including medically necessary services you receive from a licensed health professional, outpatient hospital care, durable medical equipment (DME), laboratory tests, X-rays, therapy services, behavioral health services and ambulance services.
- Medicare Part C offers an alternate way to receive your Medicare benefits (see below for more information).
- Medicare Part D covers most outpatient prescription drugs. Part D is offered through private companies.

Unless you choose otherwise, you will have Original Medicare,\* meaning you will receive your Part A and B benefits directly through the federal government. If you want prescription drug coverage with Original Medicare, you typically will need to choose and join a stand-alone private drug plan (PDP).

Instead of Original Medicare, you can decide to get your Medicare benefits from a Medicare Advantage Plan, also called Part C or a Medicare private health plan. Each Medicare Advantage Plan must provide all Part A and Part B services covered by Original Medicare, but they can do so with different rules, costs and restrictions that can affect how and when you receive care. Many Medicare Advantage Plans also offer Part D prescription drug coverage. The most common types of Medicare Advantage Plans are Health Maintenance Organizations (HMOs) and Preferred Provider Organizations (PPOs). Remember, you still have Medicare if you enroll in a Medicare Advantage Plan.

### Medicare enrollment

For some people, enrollment in Original Medicare is automatic and does not require an application, while others must actively enroll in Medicare benefits.

If you are receiving Social Security retirement benefits or Railroad Retirement benefits, you should automatically be enrolled in both Medicare Part A and B when you turn 65.

If you are under age 65 and receive SSDI or railroad disability annuity, you are automatically enrolled in Medicare beginning the 25th month that you receive an SSDI or railroad disability annuity check. If you receive SSDI or railroad disability because you have ALS, Medicare automatically begins the first month that your SSDI or railroad disability benefits start. You do not have the 24-month waiting period.

You need to actively enroll in Medicare and file an application with your Social Security or Railroad Retirement Board office if

- you qualify for Social Security retirement or Railroad Retirement benefits but are not receiving them when you turn 65
- you do not qualify for Social Security retirement or Railroad Retirement benefits because of an insufficient work history, but you qualify for premium Part A
- you qualify for Medicare because you have been diagnosed with ESRD and you, your spouse or your parent has sufficient work history

If you are eligible for Medicare but not currently receiving Social Security retirement or Railroad Retirement benefits, there are three different time periods during which you can enroll in Medicare Parts A and B:

#### 1. Initial Enrollment Period (IEP)

Your Initial Enrollment Period is a seven-month period surrounding the month of your 65th birthday. This period includes the three months before, the month of, and the three months after your 65th birthday. You can file a Medicare enrollment application online or with your local Social Security office at any time during your IEP. The date your Medicare coverage begins will depend on the month you sign up.

- If you enroll during the first three months of your IEP, coverage begins the month in which you first become eligible for Medicare.
- If you enroll during the fourth through seventh months of your IEP, coverage begins the month following the month of enrollment.

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As previously noted, if you are under 65 and eligible for Medicare due to disability, you should be enrolled in Medicare Parts A and B automatically. Your Medicare will begin on the first day of the 25th month of receiving SSDI or Railroad Retirement disability benefits. If you are experiencing problems with your Medicare enrollment or have additional questions, call Social Security at 1-800-772-1213 for assistance.

### 2. General Enrollment Period (GEP)

If you are eligible for Medicare but missed your IEP (described above), you can enroll during the General Enrollment Period. The GEP takes place between January 1 and March 31 of each year, with coverage starting the first of the month after the month you enroll. You may incur late enrollment penalties and face gaps in coverage if you sign up during the GEP.

If you do not enroll in Part B when you are initially eligible and you are not eligible for the Part B Special Enrollment Period (see below), you may have to pay a 10% premium penalty for each 12-month period you delay your enrollment. In most cases, you will have to pay that penalty every month for as long as you have Medicare. For example, if you were eligible for Part B at age 65 but delayed enrollment for five years and enrolled during the GEP, you would pay a 50% penalty.

### 3. Special Enrollment Period (SEP)

Special Enrollment Periods are opportunities to enroll in Medicare outside normal enrollment periods, triggered by specific circumstances. As an example, the Part B SEP lets you delay Medicare enrollment without penalty if you were covered by an employer group health plan (GHP) based on your or your spouse's (or in certain cases, your family member's) current employment. You can enroll in Medicare without penalty for up to eight months after you lose your GHP or you (or your spouse or family member) stop working, whichever comes first. Note that other forms of insurance from your employer, like COBRA or retiree insurance, do not qualify you for a Part B SEP.

### Medicare coverage and costs

Remember, Medicare Parts A and B cover inpatient and outpatient services. Medicare Part D covers most outpatient prescription drugs. However, Medicare does not cover all health care services.

For example, Original Medicare\* does not cover routine dental services, custodial care (such as light housekeeping, laundry and meal preparation), or long-term nursing home care (such as 24-hour care). Medicare also does not cover most care outside the United States, acupuncture, hearing aids or most vision care.

### Medicare Part A

Most people get Medicare Part A for free. You are eligible for premium-free Part A if you

- have at least 40 calendar quarters (10 years) of work in any job where you paid Social Security taxes in the US
- are eligible for Railroad Retirement benefits
- have a spouse that qualifies for premium-free Part A
- are under 65 and eligible for Medicare due to a disability, ESRD or ALS

If you do not meet the criteria above, you will likely pay a monthly premium for Part A. In 2025, if you have worked between 7.5 and 10 years, your Part A premium is \$285 per month. If you have worked fewer than 7.5 years, the premium is \$518 per month.<sup>1</sup> In both cases, you can incur a penalty for delaying enrollment. Call Social Security for information (1-800-772-1213) or visit [ssa.gov](https://www.ssa.gov).

### Medicare Part B

Most people pay a monthly premium for Medicare Part B. In 2025, the standard Part B premium is \$185 per month.<sup>1</sup> Remember, if you delayed Part B enrollment and you were not eligible for a Special Enrollment Period, you may have to pay an additional monthly penalty.

You may pay an amount in addition to your Part B premium if your income is above a certain level. If you are single and your annual income is above \$106,000, or you are married with a joint annual income above \$212,000, you may pay more for Part B each month.

\*Original Medicare is the traditional program offered directly through the federal government. It includes Part A and Part B.

<sup>1</sup> Source: [medicare.gov](https://www.medicare.gov).

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### Parts of Medicare

Original Medicare\* covers most Part B services at 80% of the Medicare-approved amount. You are responsible for the remaining 20% of the cost of the covered service if you see a participating provider. This 20% is called a coinsurance. For example, if the Medicare-approved amount for a doctor's visit is \$100, Original Medicare will pay the doctor \$80, and you will pay a \$20 coinsurance.

If you have Original Medicare, make sure to see participating providers whenever possible. Participating providers accept the Medicare-approved amount as payment in full. Doctors who do not take assignment can charge you up to 15% more than Medicare's approved amount for covered services.

While most doctors accept Medicare, some providers, called opt-out providers, do not accept Medicare at all. Opt-out providers can charge whatever they want for services but must follow certain rules to do so. You are responsible for the entire cost of your care if you see an opt-out provider.

### Supplement/Medigap

You can purchase a supplemental plan called a Medigap plan to pay for the costs associated with Original Medicare. Medigap plans work only with Original Medicare, not with Medicare Advantage Plans. Contact your SHIP or call 1-800-MEDICARE for information on enrolling in Medigaps in your state.

### Medicare Advantage Plans/Part C

Medicare Advantage Plans usually charge a standardized copayment for doctor's visits and some other services covered under Part B. Many plans cover services only if you receive them from doctors, hospitals or pharmacies that are in the plan's network.

Medicare Advantage Plans must cover all the services that Original Medicare covers, but may do so with different costs and restrictions. Some Medicare Advantage Plans also offer additional benefits that Original Medicare does not cover. Ask the plan directly about which services are covered and get as much information as you can in writing.

### Medicare Savings Program

If you have limited income and savings, you may qualify for a Medicare Savings Program (MSP) to help pay your Medicare costs. At a minimum, an MSP pays for your Part B premium and

eliminates late enrollment penalties. For more information and MSP eligibility requirements in your state, contact your SHIP by calling 1-877-839-2675 or visit [shiphelp.org](http://shiphelp.org).

### Medicare Part D

Medicare Part D covers most outpatient prescription drugs. This coverage is available only through Medicare private drug plans, either as a stand-alone plan for those enrolled in Original Medicare, or as a set of benefits included with a Medicare Advantage Plan. Unless you have creditable coverage (explained below), you should enroll in Part D when you first get Medicare. If you delay enrollment, you may face gaps in coverage and enrollment penalties.

Creditable drug coverage is, on average, as good as or better than the basic Part D benefit. If you are considering delaying Part D enrollment because you already have prescription drug coverage, make sure to find out if your coverage is considered creditable. Maintaining enrollment in creditable drug coverage means you will not incur a penalty if you decide to enroll in Part D at a later date. Additionally, you will have a 63 day Special Enrollment Period to enroll in a Part D plan. Make sure you receive a notice from your employer or plan each year informing you if your drug coverage is creditable.

If you have retiree or union drug coverage, enrolling in Part D could cause you or your family members to lose access to that coverage. Before enrolling in Part D, contact your former employer or union benefit administrator to ask how the plan coordinates with Medicare.

If you do not enroll in Part D when you are first eligible and you do not qualify for an Special Enrollment Period (SEP), you can also enroll in or make changes to Part D coverage during the Fall Open Enrollment Period. Fall Open Enrollment occurs each year from October 15 through December 7. However, you may have a late enrollment penalty if you use Fall Open Enrollment to enroll in Part D for the first time.

Each Part D plan has a formulary (list of covered drugs), different costs and coverage rules, and a network of pharmacies, often including both preferred and nonpreferred pharmacies. Before enrolling in or changing drug coverage, contact the plan that you are considering and make sure it meets your needs. Find out whether your prescriptions are on the plan's formulary, if your pharmacies are in-network and other key details. Get as much information as you can in writing.

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Part D costs vary by plan. Plans often charge a monthly premium. The national average Part D plan premium in 2025 is \$36.78.<sup>2</sup>

As with Part B, you may pay an amount in addition to your Part D premium if your income is above a certain level. Specifically, if you are single and your annual income is above \$106,000 or you are married with a joint annual income above \$212,000, you may pay more for Part D each month.

**Part B and Part D Income-Related Monthly Adjustment Amount (IRMAA) 2025**

YOUR ANNUAL INCOME Individuals	Couples	Monthly Part B premium	Addition to regular Part D premium
Equal to or below \$106,000	\$212,000	\$185.00	\$0
\$106,001 – \$133,000	\$212,001 – \$266,000	\$259.00	\$13.70
\$133,001 – \$167,000	\$266,001 – \$334,000	\$370.00	\$35.30
\$167,001 – \$200,000	\$334,001 – \$400,000	\$480.90	\$57.00
\$200,001 – \$499,999	\$400,001 – \$749,999	\$591.90	\$78.60
\$500,000 and above	\$750,000 and above	\$628.90	\$85.80

Chart Source: medicare.gov.

### Medicare premiums for people with higher incomes

The Medicare Income-Related Monthly Adjustment Amount (IRMAA) is an amount you may have to pay in addition to your Part B or Part D premium if your income is above a certain level. This amount is deducted from your monthly Social Security payments regardless of how you usually pay your monthly prescription plan premiums. For more information, please visit [ssa.gov/benefits/medicare/medicare-premiums.html](https://ssa.gov/benefits/medicare/medicare-premiums.html).

### Limited Income and Savings

If you have limited income and savings, you may qualify for Extra Help, a federal assistance program that helps pay for some to most of the out-of-pocket costs of Medicare prescription drug coverage. You can apply for Extra Help by calling Social Security at 1-800-772-1213 or by visiting [ssa.gov](https://ssa.gov).

Ask your investment professional for additional information on ways to fill gaps in your Medicare coverage and special programs for people with limited incomes.

<sup>2</sup> Source: medicare.gov.

### Medicare appeals

If Medicare denies coverage for a service or medicine you need, you can file an appeal to challenge the denial. It is a good idea to ask your provider for assistance if you start an appeal.

For more information about the appeal process, contact your SHIP by calling 1-877-839-2675 or visit [shiphelp.org](https://shiphelp.org).

### Resources

[medicare.gov](https://medicare.gov)

[medicareinteractive.org](https://medicareinteractive.org)

[shiphelp.org](https://shiphelp.org)

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