SPOTLIGHT

A WEALTH MANAGEMENT PUBLICATION OF FERGUSON WELLMAN, OCTAVIA GROUP AND WEST BEARING

MEDICARE

Medicare is a federal health insurance program for people aged 65 and older. People younger than 65 with certain disabilities, permanent kidney failure or amyotrophic lateral sclerosis (ALS) can also qualify for Medicare. The program helps cover the cost of healthcare, but it does not cover all medical expenses or the cost of most long-term care.

There are different Medicare coverage options available. If you choose to have Original Medicare (Part A and Part B) coverage, you can buy a Medicare Supplement Insurance (Medigap) policy and prescription drug coverage (Part D) from a private insurance company. Medigap covers some of the costs that Medicare does not, such as copayments, coinsurance, and deductibles. If you choose Medicare Advantage, you can buy a Medicare-approved plan from a private company that bundles your Part A, Part B and usually Part D into one plan.

Medicare Part A

Medicare Part A includes inpatient hospital visits, skilled nursing facilities, hospice care, inpatient rehabilitation, and some at-home healthcare services. Most individuals do not have a Part A premium if they have at least 40 quarters of Medicare-covered employment, as determined by the Social Security Administration.

For 2026, the Medicare Part A inpatient hospital deductible is $1,736. This deductible covers your portion of costs for the initial 60 days of Medicare-covered inpatient hospital care in a benefit period. In 2026, the coinsurance is $434 per day for days 61 to 90 of hospitalization in a benefit period, and $868 per day for lifetime reserve days. For those in skilled nursing facilities, the daily coinsurance for days 21 through 100 of extended care services in a benefit period will be $217 in 2026.

Original Medicare

Part A

Hospital Insurance

Part B

Medical Insurance

Part A

Medicare Suppletment Insurance (Medigap) Policy

Part D

Prescription Drug Coverage

or

Medicare Advantage Plan

Part C

Combines Part A, Part B and usually Part D

Part D

Prescription Drug Coverage (You may be able to add drug coverage in some plan types if not already included)

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2026 Medicare Part A Deductible and Coinsurnace

Length of Stay	Medicare Covers	You Pay
Days 1-60	All but deductible	$1,736 deductible
Days 61-90	All but daily co-pay	$434 per day
Days 91-150	All but daily co-pay	$868 per lifetime reserve day*
Days 151+	Nothing	All costs

*up to 60 days over your lifetime

Medicare Part B

Medicare Part B covers doctor visits, outpatient care, medical equipment, and screenings. Medicare Part B premiums are based on your modified adjusted gross income from two years prior. Therefore, for 2026, Part B premiums are based on your 2024 federal tax returns. You will pay the standard Part B premium and potentially an income-related monthly adjustment amount (IRMAA). Please note that you can appeal your Medicare premium if you have a life-changing event such as marriage, divorce, death of a spouse, loss of a pension, or starting retirement. You may file an appeal once you receive your benefit notice for 2026.

2026 Medicare Part B Premiums

With income-related adjustment amounts (IRMAA)[1]

Single	Married	Adjustment Amount	Total Monthly Payment
$109,000 or less	$218,000 or less	$0.00	$202.90
$109,001 - $137,000	$218,001 - $274,000	$81.20	$284.10
$137,000 - $171,000	$274,000 - $342,000	$202.90	$405.80
$171,000 - $205,000	$342,001 - $410,000	$324.60	$527.50
$205,001 - $500,000	$410,001 - $750,000	$446.30	$649.20
$500,000+	$750,000+	$487.00	$689.90

[1] Income based on your tax return from two years prior (e.g., 2024 MAGI for 2026 premiums)

For 2026, the Medicare Part B annual deductible is $283 before Original Medicare starts to pay. After meeting your deductible, you will typically pay 20% of the cost for each Medicare-covered service.

Medicare Part C

Medicare Part C, also known as Medicare Advantage, is a bundled alternative to Original Medicare. Private insurers that offer Medicare Advantage plans contract with the federal government to provide health insurance benefits through HMOs or PPOs to people who qualify for Medicare. Medicare Advantage plans are required to cover the same services as Original Medicare's Part A (hospital insurance) and Part B (medical insurance). Many plans also include Part D benefits for prescription drug coverage, as well as additional benefits such as hearing, dental, and eye care. Anyone who joins a Medicare Advantage plan still has Medicare and must continue paying Medicare Part B premiums in addition to any charged by the plan. Depending on the type of Medicare Advantage plan, you may need a referral from your primary care physician before you can see a specialist covered by your plan.

Medicare Part D

Medicare Part D covers prescription drug costs. Anyone with Medicare is eligible to voluntarily enroll in a Part D prescription drug plan. To enroll in a standalone prescription drug plan (PDP), you must have Part A or Part B. To enroll in a Medicare Advantage Prescription

Drug Plan (MAPD), you must have Part A and Part B. The costs of coverage – premiums, deductibles, and copays – vary according to the drug plan you choose. In 2026, the maximum annual deductible for Medicare Part D is $615. The initial enrollment period starts three months before the month of your 65th birthday and ends three months from the end of your birthday month. If you go without creditable prescription drug coverage for 63 days in a row (or more) after your initial enrollment period, you may have to pay a late enrollment penalty. The annual open enrollment period runs from October 15 to December 7, with coverage beginning January 1.

Medicare Supplement

Medicare Supplement plans, also called Medigap plans, are a type of health insurance policy sold by private insurance companies to complement Original Medicare. Medigap policies cover out-of-pocket costs like copays, coinsurance, and deductibles that are not covered by Original Medicare. To enroll in Medigap coverage, you must be enrolled in Medicare Parts A and B. There are ten standardized Medigap plans, from Plan A to Plan N. The letters denote the extent of coverage. The cost of Medigap plans varies widely based on factors such as where you live and the level of coverage that you choose. Insurance companies cannot refuse to sell you a supplemental plan if you apply during your initial enrollment period. Your initial enrollment period starts when your Part B coverage becomes effective and ends six months after that effective date. If you fail to apply for a Medigap policy during your initial enrollment, Medigap providers may ask you health-related questions and then accept or decline your application or even charge you more based on your health status.

Enrollment

The initial enrollment period (IEP) is a seven-month window that starts three months before your 65th birthday month and ends three months after your 65th birthday month. If you are already receiving Social Security benefits, you will automatically be enrolled in Medicare Parts A and B when you turn 65. If you do not receive those benefits, you will need to sign up for Medicare Parts A and B through the Social Security Administration. If you are still working and covered by creditable group health insurance at age 65, you can decline enrollment in Medicare Parts A and/or B. Most people enroll in Medicare Part A at age 65, even with employer coverage, because there are generally no premiums. The primary consideration in deciding whether you need Part B is the number of employees at your company. If your company has 20 or more employees, your company will remain your primary insurer, and you can delay enrollment without penalty.

Once you stop working, you then have eight months to enroll in Part B under a Special Enrollment Period (SEP). If your company employs fewer than 20 individuals, Medicare automatically becomes your primary insurer, with the employer plan serving as secondary coverage. Essentially, Medicare takes precedence in covering medical bills, while the employer plan contributes only to services not covered by Medicare. Ask the employer that provides your health insurance if you need to sign up for Medicare when you turn 65. If you fail to enroll in Part B once you become eligible, you may experience a lapse in coverage and incur a permanent late enrollment penalty.

Enrolling in Medicare is an important decision with many options to choose from. We recommend working with a licensed Medicare specialist to best evaluate your options and help you select a plan that is customized to your health care needs. You can learn more about Medicare and the enrollment process by visiting www.medicare.gov or contacting your portfolio manager for a referral to a Medicare specialist.