

WOLFGANG CAPITAL®

UNDERSTANDING MEDICARE BASICS

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MEDICARE ELIGIBILITY & ENROLLMENT

Medicare is generally available to you when you turn 65, but enrollment timing is crucial:

- Initial Enrollment Period: 7-month window (3 months before your 65th birthday, your birthday month, and 3 months after)
- If you miss your Initial Enrollment Period, you may face late enrollment penalties that last for life
- If you're still working with employer coverage, you may be able to delay enrollment without penalty
- Special Enrollment Periods available when you lose employer coverage
- General Enrollment Period runs January 1 - March 31 each year, but penalties may apply

THE FOUR PARTS OF MEDICARE

Medicare coverage is divided into four distinct parts, each covering different services:

- **Part A (Hospital Insurance):** Covers inpatient hospital stays, skilled nursing facility care, hospice care, and some home health care

ESSENTIAL TAKEAWAYS

- Enroll during your Initial Enrollment Period to avoid permanent late penalties
- Understand the difference between Original Medicare and Medicare Advantage before making your choice
- High earners need to plan for IRMAA surcharges in retirement income planning
- Medigap enrollment is time-sensitive – guaranteed issue rights are strongest during your initial enrollment period

- **Part B (Medical Insurance):** Covers doctor visits, outpatient care, preventive services, and durable medical equipment
- **Part C (Medicare Advantage):** Alternative to Original Medicare offered by private insurance companies, typically includes Parts A, B, and often D
- **Part D (Prescription Drug Coverage):** Helps cover the cost of prescription medications

MEDICARE COSTS TO CONSIDER

Understanding your potential Medicare costs is essential for retirement planning:

- Part A is typically premium-free if you or your spouse paid Medicare taxes for 10+ years
- Part B standard premium in 2025: \$185 per month (subject to change annually)
- High-income earners pay Income-Related Monthly Adjustment Amount (IRMAA) surcharges
- IRMAA thresholds start at \$106,000 for individuals and \$212,000 for couples (based on tax returns from two years prior)
- Part D premiums vary by plan, plus potential IRMAA surcharges for high earners
- Deductibles and coinsurance apply to most services

ORIGINAL MEDICARE VS. MEDICARE ADVANTAGE

You have a fundamental choice between two ways to receive your Medicare benefits:

- **Original Medicare (Parts A & B):** Freedom to see any doctor that accepts Medicare nationwide, no referrals

- Review your coverage annually during the Fall Open Enrollment Period
- Coordinate Medicare with employer coverage if working past 65
- Part D is optional but recommended to avoid future penalties

needed for specialists

- **Medicare Advantage (Part C):** All-in-one alternative offered by private insurers, often includes prescription drug coverage and extra benefits
- Medicare Advantage typically has network restrictions (HMO or PPO)
- Medicare Advantage often includes vision, dental, and hearing coverage
- Original Medicare requires separate Part D and typically Medigap (supplemental) coverage
- You can switch between options during Annual Enrollment Period (October 15 - December 7)

MEDIGAP (MEDICARE SUPPLEMENT INSURANCE)

If you choose Original Medicare, Medigap policies help cover out-of-pocket costs:

- Sold by private insurance companies to cover gaps in Original Medicare
- Helps pay for copayments, coinsurance, and deductibles
- Plans are standardized and labeled with letters (Plan G is most popular for new enrollees)
- Best time to enroll: During your 6-month Medigap Open Enrollment Period (starts when you're 65 and enrolled in Part B)
- During Open Enrollment, companies cannot deny coverage or charge more due to pre-existing conditions
- Premium costs vary by company, location, age, and plan type

PRESCRIPTION DRUG COVERAGE (PART D)

Part D coverage helps manage prescription medication costs:

- Available as standalone plans or included in Medicare Advantage plans
- Each plan has its own formulary (list of covered drugs)
- Plans are organized in tiers affecting your copay amounts
- Coverage gap (formerly "donut hole") significantly reduced under recent legislation
- Late enrollment penalty: 1% of national base premium for each month you delay enrollment
- Review your plan annually as formularies and costs change each year

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