

# MEDICARE

## Guide 2025

*First, the Alphabet Soup. . .  
how the various parts fit together.*

**PART A** - **Federal Government** provides - For in-patient hospital, skilled nursing & facility services.

**PART B** - **Federal Government** provides - For out-patient surgery, doctors, lab & x-ray, professional services, etc.

**PART C** - **Private insurance** provides if you opt out of traditional Medicare (you still need to pay for Part B). Often called Medicare Advantage HMO.

**PART D** - **Private insurance** provides for out-patient Rx prescriptions (retail and mail-order).

### PLANS - A, B, C, D, F, G, K, L, M, N -

**Private insurance** provides to cover gaps in Part A and Part B like co-pays, deductibles and co-insurance. Often called Medi-Gap or Medicare Supplement plans.



# What does the Government Charge for Parts A & B?



**Part A** (Hospital Insurance) is often called "premium-free" Part A. The **majority** of folks paid for Part A from their paychecks (Medicare Taxes) during working years and **don't pay any monthly premiums** for Part A.

*If you did not contribute Medicare taxes, then you have to "buy" Part A and you'll pay up to \$506 a month in 2023.*

**Part B** (Doctors, Labs, etc.) You pay each month for Part B. How much? **Well, ask a simple question ...**

The "standard" amount is **\$185.00** in 2025. Those already enrolled may be slightly less due to COLA adjustments.

**However**, if your income is more than **\$106,000** (Single) or **\$212,000** (Married) **then meet ...**

**IRMAA** (Income Related Monthly Adjustment Amount)

## Not everyone pays the same amount for Part B ~

Your age, location or health status does not impact Part B Premiums. Other factors do - approximately 70% (those already enrolled or not subject to IRMAA) and receiving Social Security retirement income are helped by the Social Security COLA (Cost of Living Adjustment) hold harmless provision that ties the Part B premium increases to the COLA amounts. *Example* if no COLA for the year, then no increase to Part B premium and if a very small COLA, then a small Part B adjustment. Those new to Medicare, not yet taking Social Security benefits and those at higher income levels are not protected and pay more.

**Income is defined as your MAGI (Modified Adjusted Gross Income) and is supplied by the IRS using returns from 2 years prior to the current year.**

Medicare was formed in 1965 and Part B was set up to ask folks to pay a premium that would equal 25% of the cost to provide Part B services. *Example:* If Part B was costing the government \$400 per month in claims & administrative costs on average for a beneficiary, the monthly premium would be \$100 to the Medicare Beneficiary each month.

In 2003, with a need to shore up the Medicare Trust Fund, Congress decided to implement (starting in 2007), a new formula in calculating Part B premiums using the beneficiary's income (mean-testing) - even if the taxpayer already paid the maximum payroll taxes during their working career. Means testing affects Part B and Part D (Rx).

Approximately 7% of the Medicare beneficiaries are subject to IRMAA which will be added to your monthly premiums and if you are collecting Social Security, will be deducted from your Social Security monthly income. If you're not collecting Social Security yet, you will be billed by Medicare (CMS). IRMAA impacts Part D Rx plans too, and the plan collects the extra premium from you to send to the Feds. Each year you'll receive notice from the IRS/CMS if you owe IRMAA and what the amount will be for the coming year.

### IF YOUR INCOME IN 2023 WAS

Single	Married Filing Jointly
Less than \$106,000 a year	Less than \$212,000 a year
\$106,000 to \$133,000 a year	\$212,001 to \$266,000 a year
\$133,001 to \$167,000 a year	\$266,001 to \$334,000 a year
\$167,001 to \$200,000 a year	\$334,001 to \$400,000 a year
\$200,001 to \$499,999 a year	\$400,001 to \$749,999 a year
\$500,000 or more a year	\$750,000 or more a year

### WHAT YOU'LL PAY IN 2025

MONTHLY PART B PREMIUM
\$185.00
\$259.00
\$370.00
\$480.90
\$591.90
\$628.90

### Breakdown

Equals	Sur-Charge
Standard Premium	\$0.00
Standard Premium +	\$74.00
Standard Premium +	\$185.00
Standard Premium +	\$295.90
Standard Premium +	\$406.90
Standard Premium +	\$443.90



# What do Medicare Supplements Cover?



## Benefits

Medicare Part A Co-insurance plus an additional 365 days

Medicare Part B co-insurance

Medicare Part B Excess Charges (100%)

Medicare Part A Deductible

Medicare Part B Deductible

Skilled Nursing Co-Insurance

Foreign Travel Emergency (up to plan limits)

Out of Pocket Limit \*\*

Deductible before benefits start \*

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>F**</u> Extra	<u>F**</u> *High Deductible	<u>G</u>	<u>G</u> Extra	<u>K</u>	<u>L</u>	<u>M</u>	<u>N</u>
Medicare Part A Co-insurance plus an additional 365 days	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Medicare Part B co-insurance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes ^
Medicare Part B Excess Charges (100%)					Yes	Yes	Yes	Yes				
Medicare Part A Deductible		Yes	Yes	Yes	Yes	Yes	Yes	Yes	50%	75%	50%	Yes
Medicare Part B Deductible			Yes		Yes	Yes	No					
Skilled Nursing Co-Insurance			Yes	Yes	Yes	Yes	Yes	Yes	50%	75%	50%	Yes
Foreign Travel Emergency (up to plan limits)			Yes		Yes	Yes	Yes	Yes				
Out of Pocket Limit **	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$6,620	\$3,310	n/a	n/a
Deductible before benefits start *						\$2,490						
					Some vision and hearing coverage			Some vision and hearing coverage				

\* The Plan F "High Deductible" plan has a deductible to be met before any benefits start.

^ The Plan N has a \$20 co-pay for office visits and \$50 co-pay for Emergency Room

\*\* Plan F only available if you turned 65 before January 1st, 2020

## Sample Premiums Age 65

Riverside County | Anthem

Riverside County | Blue Shield

Orange County | Anthem

Orange County | Blue Shield

Anthem as of March 1st, 2024 | Blue Shield as of July 1st 2024 & Before any promotional discounts

\$141.09	n/a	n/a	n/a	\$217.81	n/a	\$167.21	n/a	n/a	n/a	n/a	\$176.38
\$130.00	n/a	n/a	n/a	\$241.00	n/a	\$179.00	\$197.00	n/a	n/a	n/a	\$177.00
\$149.29	n/a	n/a	n/a	\$242.62	n/a	\$185.46	n/a	n/a	n/a	n/a	\$199.55
\$125.00	n/a	n/a	n/a	\$235.00	n/a	\$175.00	\$192.00	n/a	n/a	n/a	\$172.00

"New to Medicare" Premium Discount Promos (take off above figures)

Household (two party) discounts off above

Anthem discount \$25 a month for Plan G (not shown above). Total \$300 savings 1st year

Blue Shield discount \$25 a month for Plan G (not shown above). Total \$300 savings 1st year

Anthem 10% Discount off premiums above. Any plan mix & match

Blue Shield 7% Discount off premiums above. Must be same plans.

# Medicare Part D

## For Outpatient Prescriptions



### Federal Standard Base Plan Design

		<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Level 1</b> (Initial Calendar Year Deductible)	Deductible -->	\$590	\$545	\$505	\$480
<b>Level 2</b> (Initial Coverage Level)	Your Co-Insurance Share -->	In 2025	25%	25%	25%
until you've received this retail amount of meds	L2 threshold reached at -->	Maximum	\$5,030	\$4,660	\$4,430
<b>(what you've paid and what the plan has paid = \$5030)</b>		Cost Share			
		is <b>\$2,000</b>			
<b>Level 3</b> ("Donut Hole" or "Gap")	Your Co-Insurance Share -->	and Donut	You pay all*	You pay all*	You pay all*
* Special Donut Hole Discounts 2010 to 2020	Discount on Brand price -->	Hole	-75.0%	-75.0%	-75.0%
(you pay the net after discounts in L3)	Discount on Generic price -->	Eliminated	-75.0%	-75.0%	-75.0%
<b>Level 4</b> (Catastrophic Coverage Level)	Your Co-Insurance Share -->	0%	0%	5%	5%
L4 Starts after your total out of pocket limit	Reaches -->	n/a	\$8,000	\$7,400	\$7,050
(Out of pocket includes deductible, co-insurance and co-pays)					
<b>(equivalent to \$12,477.11 in total drug spending, up from \$11,206.28 in 2023)</b>					

Part D is designed and regulated by the Federal Government and purchased thru private insurance. The "Standard Design" above is the minimum benefits. Most plans provide an "actuarial equivalent" or enhanced benefits.

#### Most plans in California use co-pays instead of co-insurance for Levels 1, 2 & 4

Plans using a co-pay approach usually put different medications into different tiers. Example: Tier 1 = preferred generics  
 Tier 2 = preferred brand | Tier 3 = non-preferred generics | Tier 4 = Injectable | Tier 5 = Specialty Drugs to determine the co-pay.

**!!** If you do not elect a Part D plan there is a **penalty of 1%** for each month you do not have creditable prescription coverage.

Example: You go without Rx coverage for 36 months and then sign up. Penalty would be a surcharge of **36%** for rest of your life.

If you don't feel you need rx coverage (low or no Rx need) you should still enroll in a basic (low premium) plan to avoid future penalty.

**IRMAA** (see page 2) Means testing applies for Part D plans too.

If your income 2 years ago was

Single	Married Filing Jointly	IRMAA Part D Surcharges		
		2025	2024	2023
Less than \$106,000 a year	Less than \$212,000 a year	\$0.00	\$0.00	\$0.00
\$106,001 to \$133,000 a year	\$212,001 to \$266,000 a year	\$13.70	\$12.90	\$12.20
\$133,001 to \$167,000 a year	\$266,001 to \$334,000 a year	\$35.30	\$33.30	\$31.50
\$167,001 to \$200,000 a year	\$334,001 to \$400,000 a year	\$57.00	\$53.80	\$50.70
\$200,001 to \$499,999 a year	\$400,001 to \$749,999 a year	\$78.60	\$74.20	\$70.00
\$500,000 or more a year	\$750,000 or more a year	\$85.80	\$81.00	\$76.40



Add the IRMAA Surcharge to your plan premium

# 2025 Part D Rx Plans in California

Summary prepared 11/01/2024 by John Wayland

Plan Name	Offers Drug Tier with No Part D Deductible	Drug Benefit Category	Annual Part D Deductible Amount	Part D Total Monthly Premium	Part D Out-of-Pocket (OOP) Max
AARP Medicare Rx Preferred from UHC (PDP)	Not Applicable	Enhanced	\$0.00	\$115.40	\$2,000.00
AARP Medicare Rx Saver from UHC (PDP)	Not Applicable	Basic	\$590.00	\$124.80	\$2,000.00
Anthem Blue Cross MediBlue Rx Standard (PDP)	Not Applicable	Basic	\$590.00	\$135.60	\$2,000.00
Anthem Blue Cross MediBlue Rx Plus (PDP)	Yes	Enhanced	\$120.00	\$164.90	\$2,000.00
Blue Shield Rx Plus (PDP)	Yes	Basic	\$590.00	\$161.70	\$2,000.00
Blue Shield Rx Enhanced (PDP)	Not Applicable	Enhanced	\$0.00	\$183.50	\$2,000.00
Cigna Healthcare Assurance Rx (PDP)	Not Applicable	Basic	\$590.00	\$1.80	\$2,000.00
Cigna Healthcare Saver Rx (PDP)	Yes	Enhanced	\$590.00	\$20.60	\$2,000.00
Cigna Healthcare Extra Rx (PDP)	Yes	Enhanced	\$175.00	\$140.90	\$2,000.00
Humana Value Rx Plan (PDP)	Yes	Enhanced	\$573.00	\$94.00	\$2,000.00
Humana Basic Rx Plan (PDP)	Not Applicable	Basic	\$590.00	\$110.20	\$2,000.00
Humana Premier Rx Plan (PDP)	Not Applicable	Enhanced	\$0.00	\$164.20	\$2,000.00
SilverScript Choice (PDP)	Not Applicable	Basic	\$590.00	\$53.60	\$2,000.00
Wellcare Classic (PDP)	Not Applicable	Basic	\$590.00	\$16.80	\$2,000.00
Wellcare Value Script (PDP)	Yes	Enhanced	\$590.00	\$17.40	\$2,000.00
Wellcare Medicare Rx Value Plus (PDP)	Yes	Enhanced	\$590.00	\$117.60	\$2,000.00

References: \$590 Deductible = \$49.16 a month  
 Enhanced: Usually covers some meds without the deductible.  
 Confirm your meds are on formulary using the Medicare.gov search tools

The Big Three Pharmacy Benefit Managers

Name:	Used by:
Caremark	Silverscript
Express Scripts	CIGNA & WellCare
Optum	UHC

**MARKETPLACE SNAPSHOT**

Number of enrollees Monthly premiums

2023 2024

	2023	2024
AARP Medicare Rx Preferred ↓	1.3M	1.2M
AARP Medicare Rx Walgreens ↓	799.3K	711.4K
Cigna Extra Rx ↓	332.4K	228.3K
Cigna Saver Rx ↓	289.5K	271.1K
Cigna Secure Rx ↓	196.3K	155.6K
Humana Basic Rx Plan ↓	348.5K	299.3K
Humana Premier Rx Plan ↓	723.7K	623.3K
Humana Walmart Value Rx Plan ↓	1.1M	910.7K
SilverScript Choice ↓	1.3M	1.1M
SilverScript Plus ↓	382.5K	294.5K
SilverScript SmartSaver ↑	1.5M	1.6M
Wellcare Classic ↓	261.1K	254.1K
Wellcare Medicare Rx Value Plus ↑	384.9K	410.7K
Wellcare Value Script ↑	2.6M	3.7M

Wellcare is Centene and owns HealthNet in California

In theory, the bigger the enrollment the easier for plan to get volume discounts from the drug manufacturers.

Using preferred in-network pharmacies for a plan often makes a big difference too.

Note: PDP is stand-alone prescription drug plan. Excludes enrollees receiving Low-Income Subsidies (LIS) and in employer group plans. Premium estimates weighted by enrollment among non-LIS enrollees.  
 Source: KFF analysis of Centers for Medicare & Medicaid Services Part D enrollment data.



## Part D Notes

- **Annual Open Enrollment** – From October 15<sup>th</sup> to December 7<sup>th</sup> you can change plans effective January 1<sup>st</sup> of each year.
- **Plan Designs** – 2025 marks the end of the “Donut Hole” and a new maximum out of pocket limit for drug cost sharing of **\$2,000**. The annual deductible will be \$590 on 11 plans and is included on the \$2,000 cap.

Take a few minutes to visit [Medicare.gov/plan-compare](https://www.medicare.gov/plan-compare) (and log in for a more personalized experience).

Here are 3 reasons why you should compare coverage options now:

1. **Your Prescriptions may have changed.**
2. **Plans can change from year-to-year.** Review how your current plan's costs and benefits will change in 2025. There are **16 Medicare drug plans** available in California in 2025.
3. **In 2025, all Medicare plans will include a \$2,000 cap** on what you pay out-of-pocket yearly for prescription drugs **covered** by your plan. So, make sure your drugs are covered using the Medicare.gov tool.

- URL: [Medicare.gov/plan-compare](https://www.medicare.gov/plan-compare)

Find Medicare health & drug plans

Use your account

Save time by logging in

- Get a summary of your current coverage
- Use your saved drugs & pharmacies to compare plan costs

Log In

Don't have an account? [Create one.](#)

Next, select the type of plan you want:

- Medicare Advantage Plan (Part C)
- Medicare drug plan (Part D)
- Medigap policy

[Which type of plan should I choose?](#)

Find Plans Go Back

- **TIPS** – Always best to “login” into medicare.gov if you have set up an account. Then the meds you enter will be saved in the search tool for next time you login and you can update. But you can just use the “guest” option if a few drugs and just want to window shop. When asked to enter meds, the tool will include your medication co-pays with the Part D premiums to get a truer picture of cost difference between plans. Recommend you enter up to 5 different pharmacies because costs can vary between, CVS, Costco, Walgreens, etc. depending on the plan and the drug. To enroll or switch drug plans you just click the enroll button and follow the steps to start the new plan and drop the old plan.

# Medicare Common Enrollment Periods

## Quick Overview

When can you enroll?	Window	Details
<p>Initial Enrollment Period <b>(IEP)</b></p>	<p><b>7 Months</b></p>	<p>When you first become eligible for Medicare. <b>Begins 3 months before you turn 65</b>, includes the month you turn 65, and ends 3 months after the month you turn age 65.</p>
<p>Open Enrollment Period <b>(OEP)</b></p> <p><i>(For Part C Advantage Plans and Part D Rx Plans.)</i></p>	<p><b>53 Days</b></p>	<p>In 4<sup>th</sup> Quarter of the year from October 15<sup>th</sup> to December 7<sup>th</sup>. Coverage changes are effective January 1<sup>st</sup>. of each year.</p> <p><b>During Open Enrollment Period (OEP) you can:</b></p> <ol style="list-style-type: none"> <li><b>1. Switch from one Medicare Prescription Plan to another Medicare Prescription Plan.</b></li> <li>2. Change from Original Medicare to a Medicare Advantage HMO Plan.</li> <li>3. Switch from a Medicare Advantage HMO Plan back to Original Medicare <b>but not necessarily to a Medicare Supplement</b> without underwriting**</li> <li>4. Switch from one Medicare Advantage HMO Plan to another Medicare Advantage HMO Plan.</li> <li>5. Join a Medicare Prescription Drug Plan but maybe subject to lifetime penalty unless had prior creditable coverage.</li> </ol>
<p>Special Enrollment Period <b>(SEP)</b></p>	<p><b>2 Months</b></p>	<p>In certain situations, you may be able to join or switch plans.</p> <p><b>During Special Enrollment Period (SEP) you can:</b></p> <ol style="list-style-type: none"> <li><b>1. Join Medicare if you've lost an employer group medical/prescription plan.</b></li> <li>2. You move out of your plan service area.</li> </ol> <p>There is also a special enrollment period if you get Medicare due to disability. You can join during the 3 months before and after your 25<sup>th</sup> month of Social Security Disability.</p>
<p>California "Birthday Rule" <i>for changing Medicare Supplements (MediGap) plans.</i></p>	<p><b>60 Days</b></p>	<p>Those currently with a Medicare Supplement may change to another insurance company's Medicare Supplement of the same level or less, on a guaranteed issue basis during the 60 days following their birthdays each year.</p>