

MEDICARE

Guide 2026

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

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

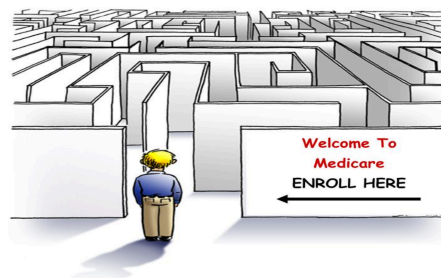
PART B - **Federal Government** provides - For out-patient surgery, doctors, lab & x-ray, professional services, etc.

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 **\$202.90** in 2026. Those already enrolled may be slightly less due to COLA adjustments.

However, if your income is more than **\$109,000** (Single) or **\$218,000** (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 2024 WAS

Single	Married Filing Jointly
Less than \$109,000 a year	Less than \$218,000 a year
\$109,000 to \$137,000 a year	\$218,001 to \$274,000 a year
\$137,001 to \$171,000 a year	\$274,001 to \$342,000 a year
\$171,001 to \$205,000 a year	\$342,001 to \$410,000 a year
\$205,001 to \$499,999 a year	\$410,001 to \$749,999 a year
\$500,000 or more a year	\$750,000 or more a year

WHAT YOU'LL PAY IN 2026

MONTHLY PART B PREMIUM
\$202.90
\$284.10
\$405.80
\$527.50
\$649.20
\$689.90

Breakdown

Equals	Sur-Charge
Standard Premium	\$0.00
Standard Premium +	\$81.20
Standard Premium +	\$202.90
Standard Premium +	\$324.60
Standard Premium +	\$446.30
Standard Premium +	\$487.00

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, 2025 | Blue Shield as of July 1st 2025 & Before any promotional discounts

\$152.09	n/a	n/a	n/a	\$238.50	n/a	\$180.42	n/a	n/a	n/a	n/a	\$193.85
\$141.00	n/a	n/a	n/a	\$268.00	n/a	\$203.00	\$223.00	n/a	n/a	n/a	\$192.00
\$160.93	n/a	n/a	n/a	\$265.67	n/a	\$200.11	n/a	n/a	n/a	n/a	\$219.31
\$135.00	n/a	n/a	n/a	\$262.00	n/a	\$198.00	\$218.00	n/a	n/a	n/a	\$186.00

"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

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

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

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

Medicare Part D

For Outpatient Prescriptions



Federal Standard Base Plan Design

		2026	2025	2024	2023
Level 1 (Initial Calendar Year Deductible)	Deductible -->	\$615	\$590	\$545	\$505
Level 2 (Initial Coverage Level)	Your Co-Insurance Share -->	In 2025	In 2025	25%	25%
until you've received this retail amount of meds	L2 threshold reached at -->	Maximum	Maximum	\$5,030	\$4,660
(what you've paid and what the plan has paid = \$5030)		Cost Share	Cost Share		
		is \$2,100	is \$2,000		
Level 3 ("Donut Hole" or "Gap")	Your Co-Insurance Share -->	and Donut	and Donut	You pay all*	You pay all*
* Special Donut Hole Discounts 2010 to 2020	Discount on Brand price -->	Hole	Hole	-75.0%	-75.0%
(you pay the net after discounts in L3)	Discount on Generic price -->	Eliminated	Eliminated	-75.0%	-75.0%
Level 4 (Catastrophic Coverage Level)	Your Co-Insurance Share -->	0%	0%	0%	5%
L4 Starts after your total out of pocket limit	Reaches -->	n/a	n/a	\$8,000	\$7,400
(Out of pocket includes deductible, co-insurance and co-pays)					
(equivalent to \$12,477.11 in total drug spending, up from \$11,206.28 in 2023)					

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
Less than \$109,000 a year	Less than \$218,000 a year
\$109,001 to \$137,000 a year	\$218,001 to \$274,000 a year
\$137,001 to \$171,000 a year	\$274,001 to \$342,000 a year
\$171,001 to \$205,000 a year	\$342,001 to \$410,000 a year
\$205,001 to \$499,999 a year	\$410,001 to \$749,999 a year
\$500,000 or more a year	\$750,000 or more a year

IRMAA Part D Surcharges



Add the IRMAA Surcharge to your plan premium

2026	2025	2024
\$0.00	\$0.00	\$0.00
\$14.50	\$13.70	\$12.90
\$37.50	\$35.30	\$33.30
\$60.40	\$57.00	\$53.80
\$83.30	\$78.60	\$74.20
\$91.00	\$85.80	\$81.00

The 12 Part D Rx Plans for 2026 in California

Summary prepared 10/20/2025 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	California Members 2025
HealthSpring (Cigna) Assurance Rx Wellcare Value Script (PDP)	Not Applicable	Basic	\$615.00	\$0.00	\$2,100.00	477,435
Wellcare Classic (PDP)	Yes	Enhanced	\$615.00	\$5.70	\$2,100.00	316,316
HealthSpring (Cigna) Extra Rx	Not Applicable	Basic	\$615.00	\$6.20	\$2,100.00	532,649
	Yes	Enhanced	\$615.00	\$70.60	\$2,100.00	76,484
SilverScript (Aetna) Choice (PDP)	Not Applicable	Basic	\$615.00	\$103.60	\$2,100.00	217,924
Humana Value Rx Plan	Yes	Enhanced	\$601.00	\$104.60	\$2,100.00	42,742
AARP Medicare Rx Saver from UHC	Not Applicable	Basic	\$615.00	\$109.40	\$2,100.00	51,183
Humana Basic Rx Plan	Not Applicable	Basic	\$590.00	\$132.20	\$2,100.00	25,660
AARP Medicare Rx Preferred from UHC (PDP)	Not Applicable*	Enhanced	\$130.00	\$165.40	\$2,100.00	169,175
Humana Premier Rx Plan	Not Applicable	Enhanced	\$0.00	\$172.90	\$2,100.00	39,871
Blue Shield Rx Plus	Yes	Basic	\$615.00	\$199.70	\$2,100.00	11,035
Blue Shield Rx Enhanced (PDP)	Not Applicable	Enhanced	\$0.00	\$227.80	\$2,100.00	24,505

Confirm your meds are on formulary using the Medicare.gov search tool. Using preferred in network pharmacies can make a big difference so ALWAYS pick 5 pharmacies in the Medicare.gov search tool to check options.

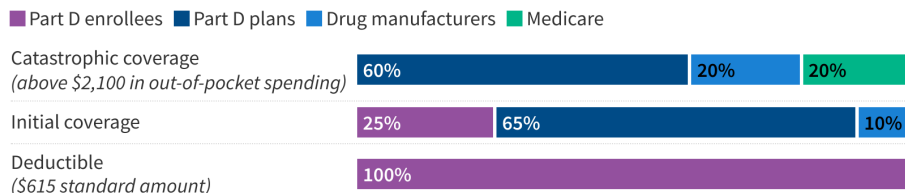
Reference: \$615 Deductible = \$51.25 a month

Enhanced: Usually covers some meds without the deductible.

Figure 5

In 2026, the Medicare Part D Standard Benefit Includes a \$615 Deductible and a \$2,100 Cap on Out-of-Pocket Drug Spending

Share of total drug costs in 2026 paid by:



Wellcare is Centene which owns Health Net in California

In theory, bigger enrollment should get more volume discounts to plan from the drug manufacturers.

The Big Three Pharmacy Benefit Managers

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

Note: The manufacturer discount applies to brand-name drug costs only. For generic drug costs, plans pay 75% in the initial coverage phase and Medicare pays 40% in the catastrophic coverage phase.

Source: KFF, based on Medicare Part D benefit design in 2026.

Medicare Common Enrollment Periods

Quick Overview

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

Part D Notes

- **Annual Open Enrollment** – From October 15th to December 7th you can change plans effective January 1st of each year.
- **Plan Designs** – 2026 maximum out of pocket limit for drug cost sharing is **\$2,100**. The annual deductible will be max \$615 and is included on the \$2,100 cap.
- URL: Medicare.gov/plan-compare

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 **12 Medicare drug plans** available in California in 2026, down from 16 in 2025.
3. **In 2026, all Medicare plans will include a \$2,100 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.

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.