
YOUR COMPLETE GUIDE TO

MEDICARE 101 GUIDE

Everything You Need to Know for 2026



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INSIDE THIS GUIDE

- Parts A, B, C, D explained with real 2026 costs
- IRMAA income surcharge brackets and how to appeal
- Every enrollment period and deadline mapped visually
- Medigap vs. Medicare Advantage side-by-side comparison
- The new \$2,100 prescription drug cap explained
- Late enrollment penalties and how to avoid them

This guide is for educational purposes only. Not affiliated with the U.S. Government or Federal Medicare program. We do not offer every plan available in your area. Contact Medicare.gov or 1-800-MEDICARE for all options.

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SECTION 1

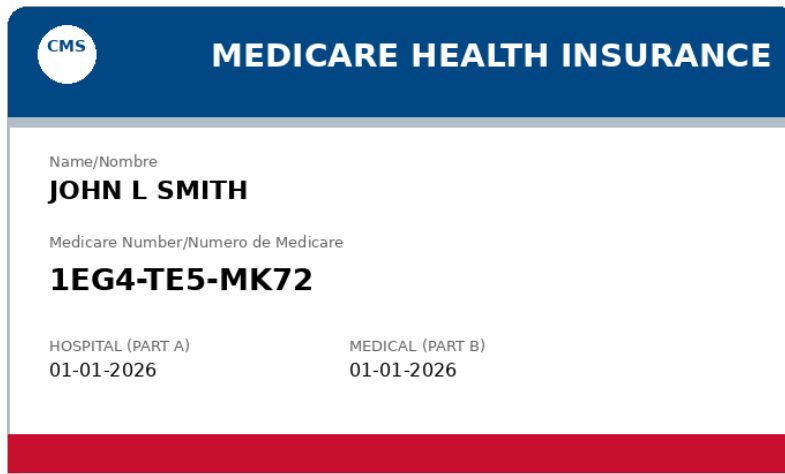
What is Medicare?

A federal health insurance program administered by CMS

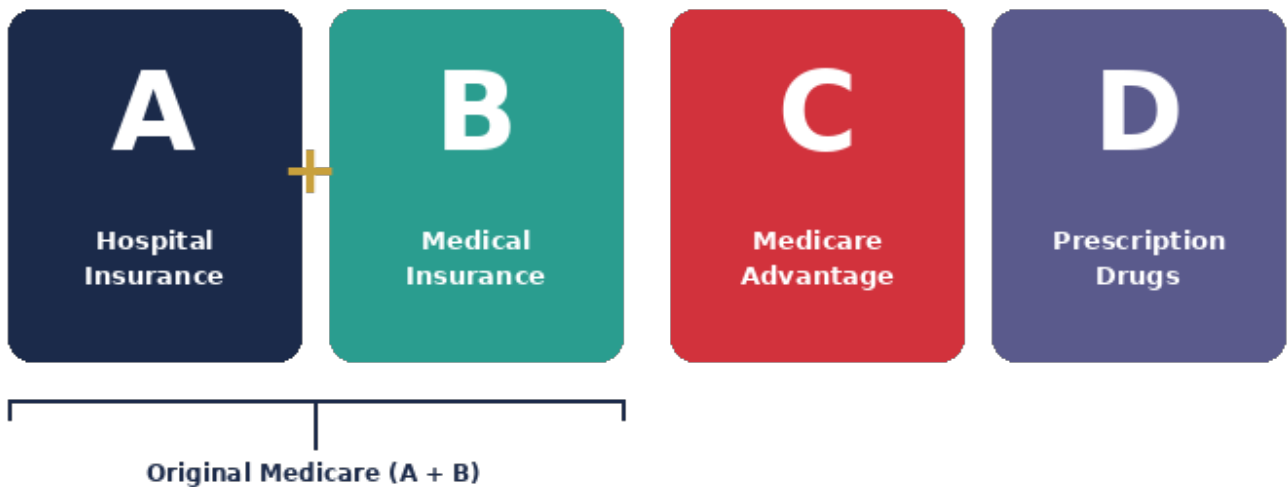
Medicare is the federal health insurance program for people **age 65 and older**, those **under 65 with certain disabilities** (after 24 months of SSDI), people with **ALS** (no waiting period), and those with **End-Stage Renal Disease**. U.S. citizens and permanent residents with 5+ years of residency who have 40+ quarters of work history receive premium-free Part A.

Your Medicare Card

When you enroll, you will receive a red, white, and blue Medicare card showing your Medicare number and Part A/B effective dates.



Deciphering the "Alphabet Soup"



Parts A and B together are "**Original Medicare.**" Part C (Medicare Advantage) is a private-plan alternative that bundles A, B, and usually D. Part D covers prescription drugs. You generally choose one path or the other.

SECTION 2

Part A: Hospital Insurance

The "room and board" of Medicare

Part A covers **inpatient hospital stays, skilled nursing facility care, hospice, and some home health services.** Most people pay \$0/month if they or their spouse paid Medicare taxes for 10+ years (40 quarters).

\$0/mo Premium-Free (40+ quarters)	\$1,736 Part A Deductible Per Benefit Period	\$434/day Coinsurance Days 61-90	\$217/day SNF Coinsurance Days 21-100
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Hospital Stay Cost-Sharing

Duration	2026 Cost to You
Days 1-60	\$0 per day (after \$1,736 deductible)
Days 61-90	\$434 per day coinsurance
Lifetime reserve days (91-150)	\$868 per day (60 total lifetime days)
Beyond lifetime reserve	You pay all costs

Skilled Nursing Facility

Requires a prior qualifying 3-day inpatient hospital stay.

Duration	2026 Cost to You
Days 1-20	\$0 per day (Medicare pays 100%)
Days 21-100	\$217.00 per day coinsurance
After day 100	You pay all costs

Part A Premiums (If You Must Pay)

Situation	2026 Monthly Premium
Premium-free (40+ quarters)	\$0
Reduced (30-39 quarters)	\$311

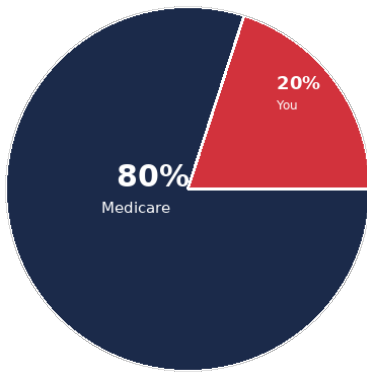
Situation	2026 Monthly Premium
Full premium (<30 quarters)	\$565

SECTION 3

Part B: Medical Insurance

Doctors, tests, and outpatient care

\$202.90 Standard Monthly Premium	\$283 Annual Deductible	80/20 Medicare Pays 80% You Pay 20%	No Cap No Out-of-Pocket Maximum
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The 80/20 Split

After your \$283 annual deductible, Medicare pays 80% and you pay 20% of approved services. This applies to doctor visits, outpatient surgery, lab tests, DME, mental health, and more.

The catch: Original Medicare has **no annual out-of-pocket maximum**. A \$500,000 hospital bill means \$100,000 out of your pocket. This is the #1 reason people add supplemental coverage.

Preventive Services at No Cost

Many preventive services are covered with no deductible: annual wellness visit, vaccines (flu, COVID, pneumonia), cancer screenings, cardiovascular and diabetes screenings, bone density tests, and depression screening. Insulin for pump users is capped at **\$35/month**.

SECTION 4

The Gap in Original Medicare

Why supplemental coverage is essential

■ **WHY THIS MATTERS:** If you were diagnosed with cancer and had \$1,000,000 in treatment bills, Original Medicare would pay 80%. **You would owe \$200,000.** That is why additional coverage is essential.

What Original Medicare Does NOT Cover



Prescription
Drugs



Dental
Care



Vision
Care



Hearing
Aids



Long-Term
Care



Foreign
Travel

Other exclusions: long-term custodial care, cosmetic surgery, care outside the U.S. (limited exceptions), routine foot care, massage therapy, most acupuncture, and concierge medicine fees.

The Good News: Medicare Advantage and Medicare Supplements were created to make that 20% more affordable. The next sections explain both paths so you can choose the best fit for your situation.

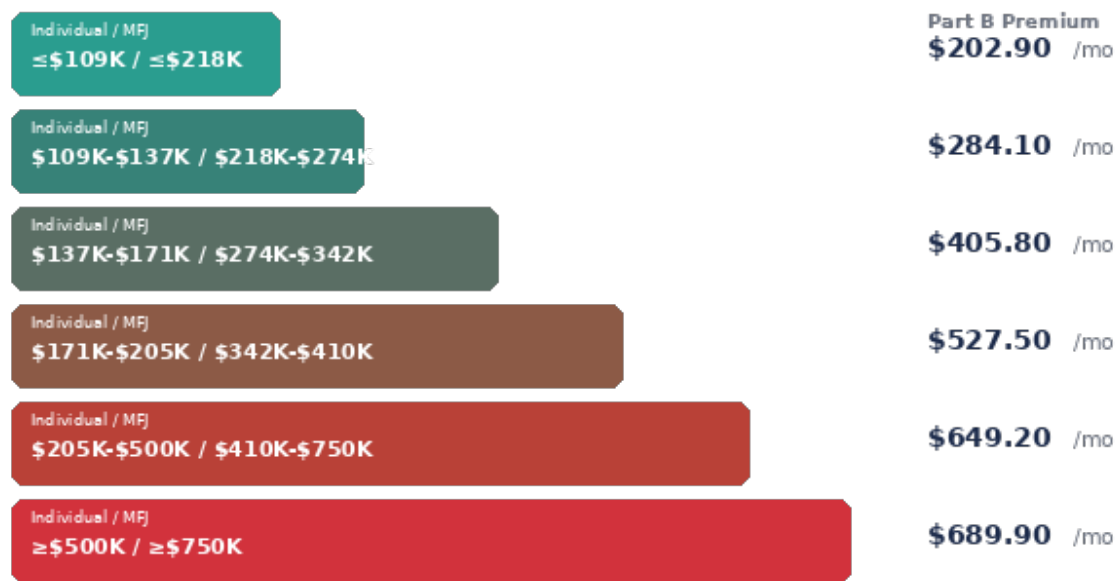
SECTION 5

IRMAA Income Surcharges

Higher earners pay more for Parts B and D

The Income-Related Monthly Adjustment Amount uses your **2024 tax-year MAGI** to set 2026 surcharges. MAGI = Adjusted Gross Income + tax-exempt interest income. About **8% of beneficiaries** pay IRMAA. IRMAA uses a cliff structure: even \$1 over a threshold triggers the full surcharge for that tier.

Part B IRMAA: 2026 Premiums by Income



Part D IRMAA Surcharges (Added to Plan Premium)

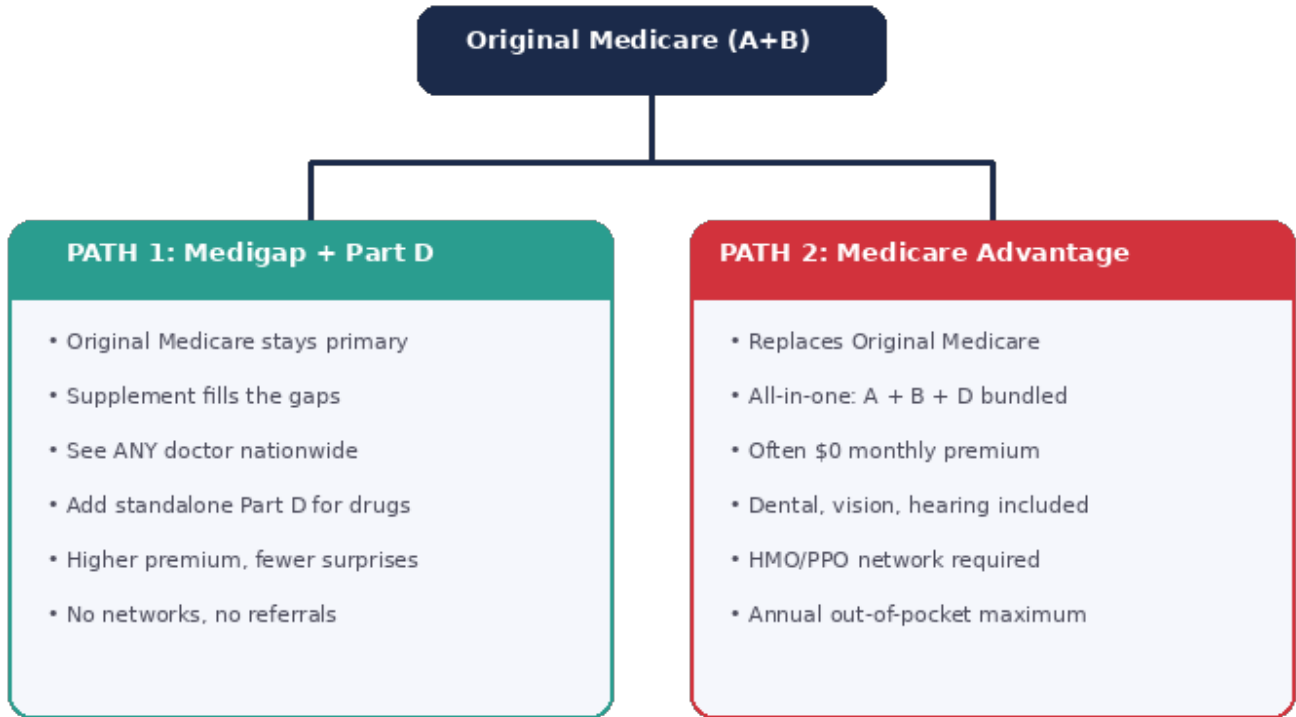
Individual MAGI	Married Filing Jointly	Monthly Surcharge
≤ \$109,000	≤ \$218,000	\$0.00
\$109,001 - \$137,000	\$218,001 - \$274,000	\$14.50
\$137,001 - \$171,000	\$274,001 - \$342,000	\$37.50
\$171,001 - \$205,000	\$342,001 - \$410,000	\$60.40
\$205,001 - \$499,999	\$410,001 - \$749,999	\$83.30
≥ \$500,000	≥ \$750,000	\$91.00

How to Appeal: File **Form SSA-44** with Social Security within 60 days if you experienced a life-changing event (marriage, divorce, death of spouse, work stoppage, loss of income). Capital gains and Roth conversions generally do not qualify.

SECTION 6

Your Two Paths to Coverage

Medigap vs. Medicare Advantage



Quick Comparison

Feature	Medigap (Supplement)	Medicare Advantage
Monthly Premium	\$100-\$300 + Part B	Often \$0 + Part B
Doctor Choice	ANY Medicare doctor	Must use network
Referrals?	No	Often yes (HMO)
Prior Authorization?	No	Often required
Out-of-Pocket Max	Near \$0 (Plan G)	\$3,000 - \$9,250
Rx Drugs	Separate Part D plan	Usually included
Dental/Vision/Hearing	Buy separately	Often included
Best for Travel?	Excellent (nationwide)	Limited (network)

Plan G vs. Plan N (Most Popular Medigap Choices)

PLAN G

Most Comprehensive

- ✓ Part A deductible (\$1,736)
- ✓ Part B coinsurance (20%)
- ✓ Skilled nursing coinsurance
- ✓ Part B excess charges
- ✓ Foreign travel emergency
- ✗ Part B deductible (\$283)

PLAN N

Budget-Friendly Option

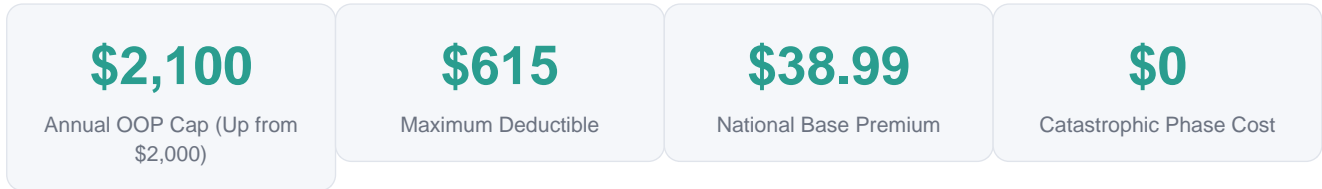
- ✓ Part A deductible (\$1,736)
- ✓ Part B coinsurance (w/copays)
- ✓ Skilled nursing coinsurance
- ✗ Part B excess charges
- ✓ Foreign travel emergency
- ✗ Part B deductible (\$283)

Copays: Up to \$20/office, \$50/ER

SECTION 7

Part D: Prescription Drug Coverage

The \$2,100 cap and Inflation Reduction Act changes



The Three Coverage Phases



The Inflation Reduction Act eliminated the old "donut hole" and created a hard cap. Once you hit **\$2,100 in out-of-pocket drug spending**, you pay **\$0** for all covered Part D drugs the rest of the year. The cap includes deductible, copays, and coinsurance but not premiums.

Medicare Prescription Payment Plan

All Part D plans must offer this: **spread your drug costs in equal monthly installments** across the year. No interest, no fees, max \$2,100/year. New for 2026: 2025 participants are automatically re-enrolled.

10 Drugs with Negotiated Prices (Jan 1, 2026)

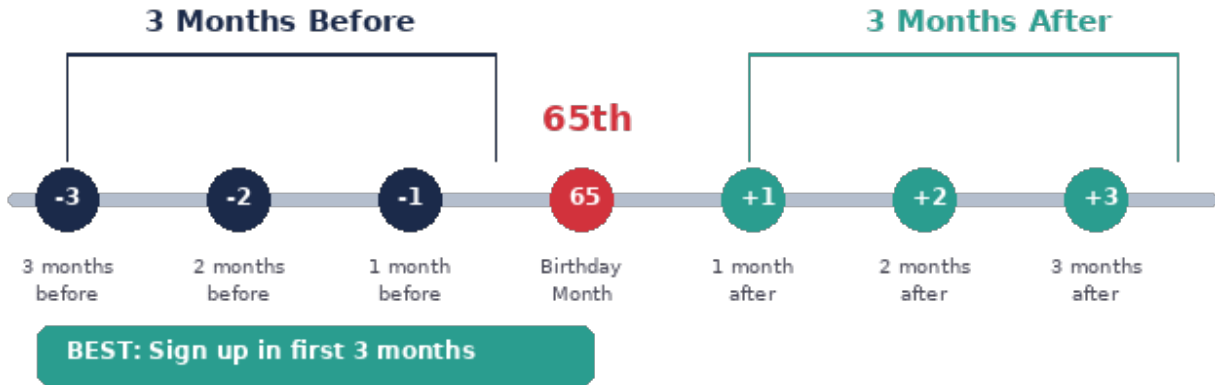
Eliquis, Jardiance, Xarelto, Januvia, Farxiga, Entresto, Enbrel, Imbruvica, Stelara, and NovoLog/Fiasp. CMS estimates \$1.5 billion in savings for ~9 million enrollees. Insulin capped at **\$35/month**.

SECTION 8

Enrollment Periods

Every deadline you need to know

Initial Enrollment Period (IEP)



Your IEP is a **7-month window** centered on the month you turn 65. Enrolling in the first 3 months starts coverage on the 1st of your birthday month. Enrolling later delays coverage 1-3 months.

All Enrollment Periods

Period	Dates	Who It's For	What You Can Do
IEP	7-month window around 65th birthday	Turning 65	Enroll in A, B, Medigap, MA, Part D
AEP	Oct 15 - Dec 7	All beneficiaries	Join/switch/drop MA or Part D
MA OEP	Jan 1 - Mar 31	Already in MA	Switch MA or return to Original
GEP	Jan 1 - Mar 31	Missed IEP	Enroll in Part B; penalties may apply
SEP	Varies	Qualifying events	Employer coverage ends, move, lose plan

Employer Coverage SEP: 8-month penalty-free window when employer group health plan coverage or employment ends. COBRA and retiree coverage do NOT count as creditable employer coverage.

SECTION 9

Late Enrollment Penalties

How delays cost you permanently

Part	Penalty Rate	Duration	Key Exemption
Part A	10% premium increase	2x years delayed	40+ quarters = free
Part B	10% per 12-month period	PERMANENT	Employer coverage SEP
Part D	1% of base premium/month	PERMANENT	Creditable coverage

■ **Part B Penalty Example:** Miss enrollment by 2 years = 20% surcharge. Part B normally \$202.90/month becomes **\$243.50/month for the rest of your life**. That is an extra \$487/year, every year, permanently.

Part D Penalty Example:

14 uncovered months = 14% x \$38.99 = \$5.46, rounded to **\$5.50/month permanently**. Extra Help recipients are exempt.

Medigap Open Enrollment: The Window You Cannot Miss

Your **one-time, 6-month Medigap Open Enrollment Period** begins the first month you have Part B and are age 65+. During this window, insurers **cannot deny you or charge more based on health**. After it closes, medical underwriting applies in most states. Currently **21 states** offer additional guaranteed-issue protections.

SECTION 10

What Medicare Does Not Cover

Coverage gaps and how to fill them

Not Covered	How to Get Coverage
Outpatient prescription drugs	Part D or Medicare Advantage
Routine dental care	MA plan, standalone dental, or discount plan
Routine vision (glasses, contacts)	MA plan or standalone vision plan
Hearing aids and fitting exams	MA plan or standalone hearing plan
Long-term custodial care	Long-term care insurance or Medicaid
Care outside the United States	Medigap Plans C/D/F/G/M/N or travel insurance
Cosmetic surgery	Not covered unless medically necessary

SECTION 11

2026 Changes Worth Knowing

New rules, shifting benefits, and what to watch

• Part B premium jumped to \$202.90	Up \$17.90 from 2025, among the largest increases in recent years.
• Part D out-of-pocket cap rose to \$2,100	Up from \$2,000 in 2025, adjusted annually by the IRA inflation index.
• 10 drugs now have negotiated prices	First round of IRA drug negotiations took effect January 1, 2026.
• MA supplemental benefits are shrinking	OTC allowances dropped from 73% to 66%; transportation from 30% to 24%.
• Part D premiums held artificially low	Without IRA stabilization, the base premium would be \$75.38, not \$38.99.
• Prior authorization reforms for MA	Plans cannot retroactively deny previously approved inpatient admissions.
• Prior auth pilot for Original Medicare	Launching in 6 states for limited services. A first for the traditional program.

I KNOW THIS IS A LOT OF INFORMATION...

That is exactly why I created this guide, and why I would love to help you navigate all of this personally.

- I will never pressure you. This is your decision.
- I will show you ALL your options, not just the highest-commission plans.
- I will run your specific numbers: your doctors, prescriptions, situation.
- I will be there after enrollment for as long as you are on Medicare.

READY TO GET STARTED?

📞 **Call:** 402-680-6171

✉️ **Email:** Ndepke@healthmarkets.com

📱 **Text:** 402-680-6171

I look forward to helping you navigate Medicare with confidence.



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