101

PINNACLE
INSURANCE ADVISORS

YOUR COMPLETE GUIDE

Medicare 101

A Complete Introduction to Medicare for New Beneficiaries

Presented by

Derek Shakhshire

Licensed Medicare Advisor · Co-Founder, Pinnacle Insurance Advisors

Table of Contents

ABOUT THIS GUIDE

Duration: Approximately 45–60 minutes of reading

Audience: Individuals new to Medicare (turning 65 or recently eligible)

Goal: Help you understand your Medicare options and feel confident making coverage decisions

1 Welcome & Introduction

YOU'RE IN THE RIGHT PLACE

Welcome to Medicare 101 — we're glad you're here.

This guide is designed specifically for people who are new to Medicare — whether you're turning 65 soon, recently retired, or just beginning to explore your coverage options. You're in the right place.

Over the next several sections, we'll walk through everything you need to know: what Medicare covers, how each part works, and — most importantly — what your options are for filling in the gaps. By the end of this guide, our goal is for you to feel informed, confident, and ready to make the coverage decision that's right for you.

There are no silly questions here. Medicare can feel overwhelming, but we'll break it down step by step in plain language — no jargon, no pressure.

> 💡 **Tip: Drop your state of residence when you speak with us — rules and plan options vary by state.**

2 Medicare Basics

WHAT IT IS & WHEN TO ENROLL

What Is Medicare?

Medicare is the federal health insurance program for people age 65 or older, and for certain younger individuals with disabilities or specific conditions like End-Stage Renal Disease. It is administered by the Centers for Medicare & Medicaid Services (CMS).

> **Important:** Medicare is not free. There are premiums, deductibles, and copays involved. And Original Medicare — by itself — does *not* cover everything. Understanding what's covered — and what isn't — is exactly what this guide is here to help you with.

When to Enroll

Your **Initial Enrollment Period — or IEP** — is a 7-month window surrounding your 65th birthday in which you can enroll in Medicare A and/or B. It starts 3 months before the month you turn 65, includes your birthday month, and extends 3 months after. This is your golden window. Missing it can mean lifetime late enrollment penalties.

Your IEP window for **Medigap is a 12-month window** and starts 6 months before the month you turn 65.

- → **Initial Enrollment Period (IEP):** 7 months — 3 before, birthday month, 3 after turning 65
- → **Special Enrollment Period (SEP):** If you have employer coverage, you may delay without penalty
- → **General Enrollment Period (GEP):** January 1 – March 31 each year, if you missed your IEP
- → **Late Enrollment Penalty:** 10% added to Part B premium for each 12-month period you delayed without qualifying coverage

> ⚠ **Still working at 65?** If you have employer coverage, you may be able to delay Part B without penalty. Verify this with a licensed advisor before assuming.

The Parts of Medicare at a Glance

Part	What It Covers	Provider	Premium (2026)
Part A	Hospital, skilled nursing, hospice	Federal government	Usually $0
Part B	Doctor visits, outpatient care	Federal government	$202.90/mo
Part C	Medicare Advantage (bundles A+B)	Private insurers	Often $0
Part D	Prescription drugs	Private insurers	Varies by plan
Medigap	Fills gaps in Original Medicare	Private insurers	Varies by plan & age

3 Part A — Hospital Insurance

USUALLY PREMIUM-FREE

Part A is your hospital coverage. For most people — those who worked and paid Medicare taxes for at least 10 years — **Part A is premium-free.** You have already paid into it throughout your working life.

What Part A Covers

- → **Inpatient hospital stays** — semi-private room, meals, nursing care, medications during stay
- → **Skilled Nursing Facility (SNF) care** — after a qualifying 3-day hospital stay
- → **Hospice care** — for terminal illness, comfort-focused care
- → **Some home health care** — medically necessary, part-time skilled nursing
- → **Inpatient mental health** — psychiatric hospital stays

What Part A Does NOT Cover

- → Long-term custodial care (assisted living, nursing home day-to-day)
- → Private room upgrades
- → Most dental, vision, and hearing
- → Prescription drugs (that's Part D)

Part A Costs in 2026

Cost Item	2026 Amount
Premium (if 40+ quarters worked)	**$0**
Inpatient deductible (per benefit period)	$1,736
Days 1–60 coinsurance	**$0**
Days 61–90 coinsurance (per day)	**$434/day**
SNF days 1–20	**$0**
SNF days 21–100 (per day)	**$217/day**

A Medigap plan can cover most or all of these out-of-pocket costs — we'll cover that in Section 6.

4 Part B — Medical Insurance

OUTPATIENT & DOCTOR COVERAGE

Part B is your outpatient coverage — covering doctor visits, lab work, preventive care, and much more. Unlike Part A, **Part B has a monthly premium that everyone pays.** In 2026, the standard premium is **$202.90 per month.** Higher-income individuals may pay more through an IRMAA surcharge.

> **Note:** Part B premiums may be higher based on income. Higher-income individuals pay an Income-Related Monthly Adjustment Amount (IRMAA) surcharge on top of the standard premium.

What Part B Covers

- → **Doctor visits** — primary care and specialist visits
- → **Preventive care** — annual wellness visits, flu shots, cancer screenings — often at no cost
- → **Outpatient surgery** — procedures that don't require an overnight stay
- → **Durable Medical Equipment (DME)** — wheelchairs, walkers, oxygen equipment
- → **Mental health services** — outpatient therapy and counseling
- → **Ambulance services** — when medically necessary

What Part B Does NOT Cover

- → Routine dental, vision, and hearing
- → Prescription drugs you take at home (that's Part D)
- → Care received outside the U.S.

Part B Costs in 2026

Cost Item	2026 Amount
Monthly premium (standard)	$202.90/month
Annual deductible	$283
Coinsurance after deductible	**20% of approved amount**
Out-of-pocket maximum	**No limit with Original Medicare alone**

That 20% coinsurance with **no out-of-pocket maximum** is why most people add a Medigap or Advantage plan.

5 Part D — Prescription Drugs

DRUG COVERAGE & FORMULARIES

Part D covers your prescription drugs, offered through private insurance companies approved by Medicare. Enrollment is optional — but **if you don't sign up when first eligible and go without creditable drug coverage, you'll face a lifetime late enrollment penalty.** Even if you don't take many medications today, it's often smart to enroll.

How Part D Works

Part D plans use a **formulary** — a list of covered drugs divided into tiers. Lower tiers cost less, higher tiers cost more. You pay a monthly premium, an annual deductible, and then copays or coinsurance for your medications.

- → **Tier 1:** Generic drugs — lowest cost
- → **Tier 2:** Preferred brand-name drugs
- → **Tier 3:** Non-preferred brand-name drugs
- → **Tier 4–5:** Specialty drugs — highest cost

2026 Part D Key Numbers

Deductible	**Up to $615 (plan-specific)**
Out-of-pocket cap	**$2,100 — once hit, drugs are free for the year**
Late enrollment penalty	**1% per month without coverage, added permanently**

Big news in 2026: The out-of-pocket cap for Part D is now $2,100 — a major improvement for people on expensive medications.

Extra Help (Low Income Subsidy)

If you have a limited income, you may qualify for the **Extra Help program** — also called the Low Income Subsidy (LIS). This can dramatically reduce your Part D costs, sometimes to just a few dollars per prescription. Ask us about checking your eligibility.

6 Medigap

MEDICARE SUPPLEMENT INSURANCE

Medigap — also called Medicare Supplement Insurance — is private insurance that works alongside Original Medicare to pay costs that Medicare doesn't cover. Think of Medicare as the primary payor, and Medigap as the secondary payor that picks up what's left.

How Medigap Works

- → You keep Original Medicare (Parts A and B)
- → You pay a monthly premium to a private insurer
- → Medicare pays first, then Medigap pays its share
- → See **any doctor that accepts Medicare** — nationwide, no networks
- → No referrals needed to see specialists

Most Popular Plans

Plan G

MOST POPULAR

Covers almost everything except the $283 Part B deductible. The gold standard for new enrollees.

Plan N

Strong coverage with small copays (up to $20 office, $50 ER). Lower monthly premium than G.

Plan F

Covers everything including Part B deductible. Only for those eligible before Jan 1, 2020.

HDG

Same as Plan G but you pay first $2,950 out-of-pocket. Very low premium.

> **Important: All Medigap plans with the same letter are federally standardized. A Plan G from any company covers identical benefits. The only difference is price — so you're simply shopping for the best rate.**

Open Enrollment Period — Your Best Window

Your Medigap OEP is a one-time window starting 6 months before your 65th birthday month or intended Part B effective date. During this window, **insurers cannot deny you or charge more based on health.** After it closes, they can deny you based on your health history. Timing matters enormously.

> ⚠ Medigap does not include drug coverage. You'll need a separate Part D plan.

7 Medicare Advantage

PART C — PRIVATE ALTERNATIVE

Medicare Advantage (Part C) is an all-in-one alternative to Original Medicare. Instead of receiving your Medicare benefits directly from the government, with Medicare Advantage you receive all your benefits through a private insurance company that is approved and paid by Medicare.

Medicare Advantage plans typically bundle Part A, Part B, and usually Part D drug coverage together. Many plans have **$0 monthly premiums** — though you still pay your Part B premium ($202.90/mo) to the government. Many also include extra benefits such as dental, vision, and hearing.

Types of Plans

- → **HMO:** Must use in-network providers. Requires a primary care doctor and referrals.
- → **PPO:** Can see out-of-network providers at higher cost. More flexibility.
- → **SNP:** Tailored for people with specific chronic conditions or dual Medicare/Medicaid eligibility.

Medigap vs. Medicare Advantage

Feature	Medigap	Medicare Advantage
Monthly Premium	Varies by plan type, age, gender, location	Often $0 (still pay Part B)
Networks	Any doctor accepting Medicare	In-network only
Referrals	Never needed	Required
Out-of-Pocket Max	Very low (Plan G: ~$283/yr)	Up to $9,250 in-network, $13,900 out-of-network
Drug Coverage	Separate Part D plan needed	Usually included
Extra Benefits	Foreign travel coverage	Dental, vision, hearing, gym
Flexibility to Travel	Excellent — nationwide	None, limited to service area
Paying Claims	Covers everything medically necessary	Ability to deny claims at will

8 How to Choose

FINDING THE RIGHT COVERAGE FOR YOU

Choosing the right Medicare coverage is not one-size-fits-all. The best plan depends on your **health, finances, lifestyle, and the doctors you want to keep.** Use this guide and the information presented today to help inform your decision.

Questions to Ask Yourself

- → **Do I have specific doctors I want to keep?** Medigap lets you see any Medicare provider. Advantage may require you to stay in-network.
- → **How often do I use medical care?** Frequent users often benefit more from Medigap's predictable costs.
- → **Do I travel frequently?** Medigap works nationwide. Most Advantage plans are regionally restricted.
- → **What's my budget?** Advantage often has lower premiums but higher out-of-pocket exposure when you need care.
- → **Am I okay with taking risk?** By opting for Medicare Advantage you risk not being able to see your doctors, having claims denied, and not being able to obtain a Medigap plan in the future.

> **The best time to enroll in Medigap is during your Open Enrollment window — when you cannot be denied for any reason.**

Why Work with an Independent Broker?

We offer a **free, no-obligation one-on-one consultation** where we review your specific situation — your doctors, medications, health history, and budget — and help you find the plan that makes the most sense for you.

As an independent broker, we work with multiple carriers and offer all Medicare plans. **We have no allegiance to any particular company.** Our job is to find you the best coverage at the best price.

Ready to take the next step?

Schedule your free consultation with Pinnacle Insurance Advisors. We shop all carriers — you get the best plan at the best price.

9 Common Questions

Q&A — WHAT PEOPLE ASK MOST

The Q&A below addresses the most common questions we hear from people new to Medicare. If you don't see your question here, **reach out — we're happy to help.**

Q Can I be denied Medigap coverage?

During your Open Enrollment Period, starting 6 months before your Medicare start date — **NO.** Outside of that window, you can be denied due to medical history. This is why enrolling at 65 is so important.

Q What if I'm still working at 65?

You can delay Part B and Medigap if you have creditable employer coverage. Verify this before delaying.

Q Can I switch from Advantage to Medigap later?

Yes, but only if you are medically approved. In most states, insurers can deny you or charge more based on health conditions outside of your OEP (initial 6-month window starting Medicare Part B).

Q Are my current doctors covered?

With Medigap: yes — because you keep Original Medicare as your primary insurance, you can use Medigap at the 98% of facilities that accept Medicare. With Advantage, you are subject to network restrictions and referrals.

Q What does Medicare not cover at all?

Dental, vision, hearing, most long-term care, and care outside the U.S. Medigap plans will cover foreign travel emergencies, but do not include dental, vision, or hearing (DVH).

Q Is Medicare Advantage the same as Medicare?

No. Medicare Advantage (Part C) is not the same as Original Medicare (Parts A and B). Although you must be a Medicare recipient to participate, you are surrendering your Original Medicare for a private insurance plan and are subject to their rules and restrictions.

Q Is Medicare Advantage free?

Most Advantage plans have a $0 premium, but you must still pay your Part B premium ($202.90/mo) and are subject to copays and other out-of-pocket costs that may total up to $9,250 in-network or $13,900 out-of-network.

Q Are there out-of-pocket costs with Medigap?

Yes, but very small. Today's most popular plan, Plan G, has an annual deductible of $283. Once that is met, there are no copays, coinsurance, or other out-of-pocket costs for anything medical. (DVH and Part D are separate.)

Q Which plan is more suitable for someone on a fixed income?

Whether income is fixed or unlimited, predictable monthly costs are important for budgeting. Only Medigap provides a fixed monthly premium, making it easy to budget and avoid the risk of the $9,250 yearly out-of-pocket maximum associated with Advantage plans.

10 Your Next Step

YOUR 3-STEP ENROLLMENT GUIDE

☆ You're leaning toward Medigap — here's your quick-start checklist.

1 Enroll in your Medicare Supplement plan

This can be done up to 6 months before your 65th birthday month or your intended Medicare start date. Enrolling early locks in your coverage and guarantees acceptance during your Open Enrollment Period — no medical underwriting required.

2 Enroll in Medicare Part A and Part B

This can be done up to 3 months prior to your 65th birthday month or intended Medicare start date. Your Part B effective date is what triggers your Open Enrollment Period and activates your Medigap coverage.

3 Enroll in Part D (prescription drug coverage)

This can be done 1 to 3 months prior to your Medicare start date. Your Medicare number is needed for this step — you will receive it once enrolled in Parts A and B. Even if you take few medications, enrolling avoids a lifetime late-enrollment penalty.

Medigap Tips

→ Choose the right plan letter

For most new enrollees, Plan G is the gold standard — it covers everything except the $283 Part B deductible. If you want a lower premium and are comfortable with small copays, Plan N is an excellent option. If you were eligible for Medicare before January 1, 2020, ask about Plan F.

→ Shop by price — the benefits are identical

All Medigap plans with the same letter are federally standardized — a Plan G from Mutual of Omaha covers the exact same benefits as a Plan G from Aetna or Cigna. The only difference is the monthly premium. As an independent broker, we shop all carriers to find you the lowest rate for identical coverage.

Key Reminders

- → Medigap does not cover dental, vision, or hearing — consider a separate DVH plan
- → Once your OEP closes, switching to Medigap requires medical underwriting — you can be denied
- → Your Medigap premium may increase slightly as you age, but your benefits never decrease
- → As independent brokers, we are not tied to any carrier — we work for you

Ready to lock in your Medigap coverage?

Schedule your free one-on-one consultation with Pinnacle Insurance Advisors.
We shop all carriers — you get the best plan at the best price, guaranteed.