

Quick Guide to Medicare 2025

Medicare is a government funded and run health insurance program for eligible individuals. To be eligible you must: be 65+ years old; have collected SSDI more than 24 months; or have been diagnosed with end stage renal disease (ESRD) or ALS. There are currently about 68 million Americans enrolled in Medicare.

The Parts of Medicare

Original
Medicare

Part A: Hospital Insurance. Includes hospital care, hospice, and limited coverage for skilled nursing facilities, nursing homes, and home health services.

Part B: Medical Insurance. Includes services from doctors, preventive care, outpatient care, lab tests, mental health care, ambulance services, and durable medical equipment.

Part C: Advantage Plans. Part C is an alternative to Parts A & B and it includes the benefits and services covered under Parts A & B, and usually Part D. You can select a PPO or HMO plan that is run by a Medicare-approved private insurance company. Make sure to select a plan that covers your health care providers.

Part D: Prescription Drug Coverage. Sold by Medicare-approved private insurance companies. You have different plans to choose from depending on where you live, with different premiums and formularies. Make sure to select a plan that covers the drugs you take.

Medicare Costs in 2025

Part A: If you have paid into Medicare while working over your lifetime, the monthly premium is free. If you didn't pay into the system, the Part A monthly premium will be up to \$518. The deductible is \$1,676 per benefit period. You may also be responsible for paying a cost share amount depending on the number of days spent in a hospital.

Part B: The Part B monthly premium is generally \$185 (see chart below for exceptions) and there is a deductible of \$257 per year. The cost share for Part B coverage is 80/20, which means that once you have paid your deductible, Medicare will cover 80% of your health care costs and you will be responsible for 20%. With Part B coverage, there is NO out of pocket maximum. If you enroll in Part B late, there will be a 10% penalty for each year you wait to enroll. (Ex: Phil's Initial Enrollment Period ended 1/1/2022, but he waited until 1/1/2024 to sign up for Part B. So, his Part B penalty is 20%). You may also have to wait until open enrollment to sign up.

If your yearly income in 2023 (for what you pay in 2025) was			You pay (in 2025)
File individual tax return	File joint tax return	Married, file separate tax returns	
\$106,000 or less	\$212,000 or less	\$106,000 or less	\$185
above \$106,000 up to \$133,000	above \$212,000 up to \$266,000	Not applicable	\$259
above \$133,000 up to \$167,000	above \$266,000 up to \$334,000	Not applicable	\$370
above \$167,000 up to \$200,000	above \$334,000 up to \$400,000	Not applicable	\$480.90
above \$200,000 and less than \$500,000	above \$400,000 and less than \$750,000	above \$106,000 and less than \$394,000	\$591.90
\$500,000 or above	\$750,000 and above	\$394,000 and above	\$628.90

Part C: As an alternative to Parts A and B, and sometimes D; the premiums for this plan are usually at least the same as Part B (\$185) or more, but vary based on the plan you choose. The deductibles, cost share, and out-of-pocket maximums will vary.

Part D: The premiums for prescription drug coverage vary by plan (average cost = \$40/month). Premiums are also higher for those with higher income levels. In 2025, the maximum deductible for a Part D plan is \$590. After paying the deductible, Medicare pays 75% of your brand and generic drugs and you pay 25%, until you reach \$2,000 in total out-of-pocket drug costs. Then, you enter "catastrophic coverage," and you will no longer have co-payments or co-insurance amounts for covered Part D drugs for the rest of the calendar year. There is also a new Medicare Prescription Payment Plan, which allows you to spread out your costs over the year. If you do not sign up for a Part D plan when first eligible, you will pay a late enrollment penalty for life.

How a Standard Medicare Part D Plan Works in 2025

Prescription Drug Expenses	You Pay	Medicare Pays
\$1-\$590	\$590 deductible	\$0
\$590-\$2,000 (total out-of-pocket costs)	25% brand name and generic	75% brand name and generic
\$2,000+	\$0	100%

Medigap Plans

A Medigap plan is a supplemental insurance plan that will help pay for your deductibles, co-payments, and cost share amounts. Plans are labeled as A through N, and each plan with the same letter must offer the same basic benefits. The premiums and deductibles vary with each plan. If you have chosen original Medicare (Parts A & B), there is a 20% cost share amount, so a Medigap plan can help pay for that expense. For information about Medigap plans: www.medicare.gov/supplement-other-insurance/compare-medigap/compare-medigap.html.

When to Sign Up

When you are first eligible for Medicare, you can make choices about your Medicare coverage during a 7-month Initial Enrollment Period (IEP). The IEP includes 3 months before the month you turn 65, the month you turn 65, and 3 months after the month you turn 65. If you do not sign up during your IEP, there is a General Enrollment Period (GEP) that runs from January 1 to March 31, but your coverage will not begin until the month after you enroll, and you may face late enrollment penalties. You can also make changes to your coverage every year during an Open Enrollment period that runs from October 15 to December 7. Changes will not begin until January 1.

Affordable Care Act's Impact on Medicare

Medicare beneficiaries are now entitled to a free annual wellness visit, free preventive care, and lower costs for prescription drugs.

Medicare's Limits

Medicare does **NOT** cover some services (e.g., long-term care, most dental care, eye exams related to prescription glasses, dentures, cosmetic surgery, acupuncture, hearing aids, and routine foot care. Some services may be covered by a Medicare Advantage (Part C) plan.

Additional Resources

- Quick Guide to Medicare Extended: TriageCancer.org/QuickGuide-MedicareExtended
- Quick Guide to Medigap Plans: TriageCancer.org/QuickGuide-Medigap
- Quick Guide to Medicare Savings Programs: TriageCancer.org/QuickGuide-MedicareSavings
- Medicare Plan Finder: Medicare.gov/plan-compare
- State Health Insurance Assistance Program (SHIP): TriageCancer.org/StateResources
- Call 1-800-MEDICARE (633-4227) and say "agent" or visit Medicare.gov/medicare-and-you
- Medicare Module on CancerFinances.org

