



MEDICARE BASICS - 2025

Medicare is a U.S. health insurance program, started in 1965 under the Social Security Administration (SSA), and now administered by the Centers for Medicare and Medicaid Services (CMS). It primarily provides health insurance for Americans aged 65 and older, but also for some younger people with disability status as determined by the SSA.

AT A GLANCE

- Retirees must file for Medicare benefits at age 65. Those who are not retired and covered by a creditable employer health plan may delay filing until retirement/end of coverage.
- Coverage is provided through a combination of public and private insurance. Medicare is composed of two public insurance parts (A and B) and two private insurance parts (D and Medigap). Additionally, a private combination program, Medicare Advantage (sometimes called Part C) is an alternative.
- Part C Medicare Advantage still requires enrollment in Parts A and B.
- Failure to file at the appropriate time will result in penalties. Penalties include lack of insurance coverage and higher premium costs.
- Medicare does not cover all health care costs. One significant exclusion is long-term care.
- An annual review of Part D is recommended. Some people overpay for Part D (prescription drug coverage) because they keep their original plan.

NOT Covered by Medicare

- ☒ Medicare deductibles and 20% co-insurance
- ☒ Long-term care
- ☒ Vision care and eyeglasses
- ☒ Routine dental care and dentures
- ☒ Hearing aids
- ☒ Care outside of the U.S.
- ☒ Private duty nursing care
- ☒ Cosmetic surgery
- ☒ Acupuncture and other forms of alternative care
- ☒ Costs above Medicare-approved amounts

Medicare is divided into four Parts: A, B, C and D:

ORIGINAL MEDICARE		Medicare Advantage (Part C)	Part D
Part A	Part B		
Hospital/hospice insurance	Medical insurance	Combination coverage of Part A, Part B, and normally Part D. Must file first for Parts A and B	Prescription drug coverage
			

Part A Coverage:

- In-patient hospital care; hospital room and board
- Skilled nursing facility care/non-custodial nursing home care (post hospital stay, not custodial or long-term care)
- Hospice care
- Home health care

All categories have deductibles, co-pays, and limits based on dollar amount and days.

Part B Coverage:

- Doctor and other health care provider services
- Medically necessary services and supplies needed for diagnosis or treatment
- Outpatient hospital care
- Home health care
- Durable medical equipment
- Some preventative services

All categories have deductibles, co-pays and limits based on dollar amount and days.

Part C Coverage:

- Benefits and services covered under Parts A and B
- Prescription drugs typically covered under Part D
- May include additional benefits such as some dental, hearing, and vision services

There is a yearly limit on out of pocket costs. Plans have a network of doctors and hospitals that participants must use. You may need a referral to see a specialist.

Part D Coverage:

- Prescription drugs Each plan has a formulary (list of drugs covered in the plan and drug costs). Formularies vary greatly from plan to plan (find the plan with your drugs). Covered drugs are tiered into cost categories.

Monthly premiums can vary significantly from plan to plan:

- Plans have various drug costs, co-pays, and limits based on dollar amount, type of drug, and plan formulary.
- Plan premiums can increase annually; formularies can change with 60 days notice.
- Plan should be reviewed and changes, if needed, made annually.

Medigap / Supplemental

- Medigap is supplemental insurance, sold by private companies, that helps fill "gaps" in Original Medicare (Parts A and B).
- A Medigap policy helps cover out of pocket costs like copayments, coinsurance, and deductibles. Unlike employer based and individual health insurance policies, there are no limits on out of pocket costs with Original Medicare.
- When you enroll during the Initial Enrollment Period (IEP) or Special Enrollment Period (SEP), you cannot be turned down based on your medical history.
- If you don't buy a Medigap policy during your IEP or SEP, there's no guarantee that an insurance company will sell you a policy later if you don't meet the medical underwriting requirements, or they may charge you more due to your health status. The IEP for a Medigap policy is 6 months and starts the first day of the month you turn 65 (as long as you have signed up for Medicare Part B).
- You should compare the benefits each plan helps pay for and choose a plan that covers what you need now and in the future.
- Each specific lettered Medigap plan offers the same basic benefits no matter which insurance company sells it, but costs may vary.

If you drop Medigap to join a Medicare Advantage Plan, you may not be able to get it back.

Medicare Enrollment

Initial Enrollment Period (IEP)



You have 7 months to enroll in Medicare for the first time you are eligible: the three months before, the month of, and the three months after you turn 65.

Special Enrollment Period (SEP)



The time frame of a SEP varies depending on the type of coverage you are enrolling in. For instance, when you stop working and your creditable employer plan coverage ends, the SEP lasts 8 months to enroll in Part B without a penalty and 2 months (63 days) to enroll in Part D without a penalty.

General Enrollment Period (GEP)



If you miss your IEP and don't qualify for a SEP, you can enroll in Part B at this time. Coverage begins the first day of the month after you sign up.

If you have Part A coverage and you get Part B for the first time during this period, you can also join a Medicare Advantage Plan. Your coverage starts the first day of the month after you sign up.

Open Enrollment Period (OEP)



If you **currently** have Medicare, you can make a change to your medical and prescription drug coverage.

Medicare Advantage Open Enrollment Period



If you **currently** have a Medicare Advantage plan you may switch to another Medicare Advantage plan, or disenroll from your current Medicare Advantage plan and return to Original Medicare. You'll also be able to join a separate Medicare drug plan.



Changes allowed during OEP:

- **Part A:** Not enrolling during IEP or SEP results in a 10% Premium Surcharge. The penalty period is two times the uninsured period.
- **Part B:** Not enrolling during IEP or SEP results in a 10% premium surcharge for each 12 month uninsured period. The penalty lasts for life.
- If you don't enroll in a prescription drug plan (**Part D**) when you first get Medicare (during your IEP or SEP), you may pay a penalty for as long as you have Medicare drug coverage if you join later.

Penalties for Failure to Enroll

- **Part A:** Not enrolling during IEP or SEP results in a 10% Premium Surcharge. The penalty period is two times the uninsured period.
- **Part B:** Not enrolling during IEP or SEP results in a 10% premium surcharge for each 12 month uninsured period. The penalty lasts for life.
- If you don't enroll in a prescription drug plan (**Part D**) when you first get Medicare (during your IEP or SEP), you may pay a penalty for as long as you have Medicare drug coverage if you join later.

Penalty with Health Savings Account (HSA)

- If you enroll in Medicare after your IEP, you and your employer should stop contributing to your HSA at least 6 months before you apply for Medicare. Your Part A coverage will begin up to 6 months prior to the date you sign up for Medicare (if you're 65 or older). If your Medicare Part A coverage overlaps with when you or your employer made contributions, a tax penalty will

Any changes you make during the Open Enrollment Period will take effect on January 1st of the following year.

Coordination of Medicare Benefits with Other Health Insurance

65(+) with retiree coverage: Medicare pays first.

65(+) with creditable employer group coverage: Group plan pays first.

65(+) with non-creditable employer group coverage: Medicare pays first.

65(+) disabled, with creditable employer group coverage: Group plan pays first.

65(+) disabled, with non-creditable employer group plan: Medicare pays first.

65(+) without creditable employer coverage and without Medicare:

No insurance coverage. All costs paid by individual.



Deductibles, Co-Pays, Out-of-Pocket

Part A

- Initial deductible:** \$1,676 per illness (60-Day Test)
- After deductible:** 100% coverage for 60 days (No co-pay) (60-day test)
- After 60 days:** \$419 daily co-pay for days 61 to 90 (60 day test)
- After 90 days:** \$838 daily co-pay for days 91 to 150 (once per lifetime)
- Above 150 days:** no coverage, 100% co-pay

Part B

- Annual deductible:** \$257
- After deductible:** 20% co-pay on physician services and outpatient care; \$0 co-pay on clinical lab work; up to 20% co-pay on preventive services; 20% co-pay on medical equipment and supplies

Part C and Medigap

- Coverage varies by plan

Part D

- Annual deductible:** up to maximum of \$590 (varies by plan)
- Coverage gap** begins at total costs (participant and insurance company) of \$5,030
- Catastrophic coverage** (very small co-pay) begins at \$2,000 “out-of-pocket”

Part B and Part D premiums and the Income Related Monthly Adjustment Amount

If your Modified Adjusted Gross Income (MAGI*) is above a certain threshold, you may pay an Income Related Monthly Adjustment Amount (IRMAA) on your Part B and Part D premiums. IRMAA is an extra charge added to your premium.

Medicare uses the MAGI reported on your IRS tax return from two years prior. This is the most recent tax return information provided to Social Security by the IRS.

These charges are shown below. If your MAGI will decrease once you retire, such that you would no longer be subject to an IRMAA, you may request a determination from SSA to review your situation.

Single			Married				
2023 MAGI Was:		Part B	Part D	2023 MAGI Was:		Part B	Part D
Greater than:	Less than or = to:	Monthly Premium	Monthly Surcharge	Greater than:	Less than or = to:	Monthly Premium	Monthly Surcharge
\$0	\$106,000	\$185.00	\$0	\$0	\$212,000	\$185.00	\$0
\$106,000	\$133,000	\$259.00	\$13.70	\$212,000	\$266,000	\$259.00	\$13.70
\$133,000	\$167,000	\$370.00	\$35.30	\$266,000	\$334,000	\$370.00	\$35.30
\$167,000	\$200,000	\$480.90	\$57.00	\$334,000	\$400,000	\$480.90	\$57.00
\$200,000	\$500,000	\$591.90	\$78.60	\$400,000	\$750,000	\$591.90	\$78.60
\$500,000	—	\$628.90	\$85.80	\$750,000	—	\$628.90	\$85.80

*MAGI: Adjusted Gross Income (AGI) plus tax exempt interest, plus series EE bond interest used for education, less foreign earned income

MEDICARE RESOURCES

Centers for Medicare & Medicaid Services: 1-800-Medicare (633-4227)

www.Medicare.gov

Forms: <https://www.medicare.gov/basics/forms-publications-mailings/forms>

Find A Plan: <https://www.medicare.gov/plan-compare/#/?year=2024&lang=en>

Eligibility: <https://www.medicare.gov/eligibilitypremiumcalc>

Social Security Administration: <http://www.ssa.gov/medicare/>

Medicare & You Publication: <https://www.medicare.gov/medicare-and-you>

Kaiser Family Foundation (KFF): <https://www.kff.org/medicare/issue-brief/what-to-know-about-the-medicare-open-enrollment-period-and-medicare-coverage-options/>

Medicare Interactive: <http://www.medicareinteractive.org/>

State of Virginia: <https://www.vda.virginia.gov/vicap.htm>; 1-800-552-3402

North Carolina: <https://www.ncdoi.gov/consumers/medicare-and-seniors-health-insurance-information-program-shiip>; 1-919-807-6900

U.S. Office of Personnel Management (OPM):

www.opm.gov/healthcare-insurance.healthcare/plan-information; 1-888-767-6738

TRICARE: <https://www.tricare.mil/Plans/Eligibility/MedicareEligible>; 1-877-363-1303

U.S. Department of Veterans Affairs: www.va.gov; 1-800-827-1000

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