

Understanding Medicare: Parts A, B, C and D



Medicare contains many rules that beneficiaries and their caregivers are required to learn. Perhaps the best way to grasp the program's details is to review the major components of the Medicare program: Parts A, B, C and D.



Medicare part A: Hospital insurance

This insurance is designed to help cover the following:

- Inpatient care in hospitals, including rehabilitation facilities
- Care provided in a skilled nursing facility or hospice for a limited period
- Home health care

For inpatient hospital care, Medicare typically covers a semiprivate room, meals, general nursing, drugs and other hospital services and supplies. Medicare typically does not cover long-term care or custodial care in a skilled nursing facility, although under limited circumstances, it may cover a maximum of 100 days during a benefit period if a doctor certifies that a patient needs daily skilled care.



Medicare part B: Medical insurance

Part B helps to cover physician services, outpatient care, preventive services, durable medical equipment and certain home health care. Although the scope of Part B is extensive, there are many services – such as dental care, routine eye exams, hearing aids and others – that are not covered as part of this program.



Medicare part C: Offered by private insurers

Also known as Medicare Advantage plans, Part C consists of insurance plans provided by private carriers. For beneficiaries with Part C, Medicare pays a fixed amount every month to a private insurer for their care. Many Medicare Advantage plans include Medicare drug coverage, and all cover emergency and urgent care. In addition, certain plans may cover services that are not covered by Medicare, which may result in lower out-of-pocket fees for beneficiaries.

You can sign up for Medicare Part C when you first become eligible for Medicare. You can also sign up between January 1 and March 31 or between October 15 and December 7 each year. If you sign up at the beginning of the year, you can't join or switch to a plan with prescription drug coverage unless you already had Medicare Part D. If you sign up toward the end of the year, your coverage will begin January 1 of the following year.



Medicare part D: Prescription drugs

There are generally two ways to obtain Medicare prescription drug coverage. If you have Original Medicare (Part A plus Part B), you can add drug coverage by obtaining it from an insurer approved by Medicare through Part D. Or if you have a Medicare Advantage plan, find out whether your plan includes prescription coverage as part of its program. Even if you don't take many prescriptions, you may want to consider signing up for Part D as soon as you become eligible. If you wait and try to sign up during a subsequent enrollment period, you may be charged a late enrollment penalty and be forced to pay higher premiums.



You can join Medicare Part D when you initially become eligible for Medicare or between October 15 and December 7 of each calendar year.

Out-of-pocket expenses

Medical coverage from Medicare is far from a freebie. The following are costs that you may encounter.

Part A: No premium if you or your spouse paid Medicare taxes while you were working. For 2026, there is an inpatient hospital deductible of \$1,736 before coverage begins. You may expect to pay a portion of the cost for a hospital stay of more than 60 days during a benefit period.

Part B: A deductible of \$283 for 2026 plus 20% of Medicare-approved amounts for medical services. The amount of additional monthly premiums depends on whether you are enrolled in Original Medicare or in Part C. With Original Medicare, the standard 2026 premium is \$202.90 per month. Single beneficiaries with incomes above \$109,000 and couples earning more than \$218,000 pay higher premiums.

Part C: Costs and levels of coverage vary according to the plan. Contact plans that interest you to learn the details and to compare the costs and levels of coverage with Medicare Part A and Part B.

Part D: Pricing for prescription drug coverage is complex. For those who add Part D to Original Medicare, there is a monthly premium, an annual deductible and copayments. The annual out-of-pocket cap for prescription drugs is \$2,100 in 2026. Once a person reaches this limit, they won't have to pay out of pocket for the rest of the year. Note: The coverage gap (also known as the "donut hole") was officially eliminated as of January 1, 2025. Effective the following calendar year, a new benefit period begins with applicable premiums, copayments and other costs.

Medicare's rules can be confusing for many people. The [Medicare website](#) can be a valuable resource. Every year, Medicare also mails *Medicare & You* to beneficiaries and makes this fact-filled publication available online. You may want to review it to make sure you have an accurate understanding of the Medicare program.



If you have questions about your workplace retirement plan, please contact your Human Resources department or your retirement plan provider's customer service center.

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