Medicare 101: Understanding your options

Is your 65th birthday around the corner?

Then you're probably thinking seriously about Medicare. And if you're feeling overwhelmed, that's understandable. There's a lot to consider, starting with whether to choose

Original Medicare
with or without a Medigap Supplement

or to opt for a

Medicare Advantage plan

Medicare Advantage (MA) Plans have become increasingly popular in recent years, giving enrollees a variety of benefits in a single, convenient package. Read on to learn some Medicare basics, and some of the finer points to consider before making your decision.

What is Medicare?

Medicare is a federal health insurance program for:

- People who are 65 or older
- People under 65 with certain disabilities
- People of all ages with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a kidney transplant)

Medicare consists of four parts:



Part A
Hospital expenses, such as inpatient care, skilled nursing, hospice care, and home healthcare

Part B
Medical expenses, such as doctor visits, lab tests, ambulance services, preventive care, and durable medical equipment

Part C
Medicare Advantage plans

Part D
Prescription drug coverage

Original Medicare includes both **Part A** and **Part B**, but does not cover outpatient prescription drugs, or services such as dental, vision, or hearing. There is no limit on how much you have to pay in a calendar year for medical services.

What will you pay for Medicare?

As of 2026, here are some of the costs you could pay with **Original Medicare:**

PART A (HOSPITAL)

- **$1,736** deductible per year
- **$0** per day (days 1–60)
- **$434** per day (days 61–90)
- **$868** per each "lifetime reserve day;" after day 90, for each year up to 60 days over your lifetime
- You pay all costs beyond lifetime reserve days

PART B (MEDICAL)

- **$202.90** monthly premium*
- **$283** each **Part B** deductible (you pay this amount for covered services before Medicare begins paying)
- **20%** of the costs for most services, including doctor visits, outpatient surgery, emergency, and urgent care

PART D (PRESCRIPTION)

- **Monthly premium:** varies by plan and income
- If you enroll only in **Original Medicare**, you will not receive any prescription drug plan. You can buy your own **Part D** plan with its own premium.

*Most people will pay the standard monthly Part B premium, often deducted from their social security payment. However, some people will pay a higher premium if their yearly income exceeds $109,000 for singles or $219,000 for married couples.

What is Medicare Supplement (Medigap)?

Medicare Supplement Insurance, also known as **Medigap**, is private health insurance that adds to **Original Medicare (Parts A and B)**. It pays about 20% of the Medicare expenses that **Original Medicare** doesn't cover.

What *doesn't* Original Medicare cover?

There are some limitations to **Original Medicare**. In most cases, the following are not covered:

- ✕ Care received outside the United States
- ✕ Outpatient prescription drugs
- ✕ Dental, hearing, and vision coverage

Note that not all doctors accept Original Medicare for payment, and that there is no limit on your total out-of-pocket expenses.

Are there penalties associated with Original Medicare?

YES.

There are penalties if you don't sign up for some form of Medicare coverage during your **Initial Enrollment Period** (which starts three months before you turn 65 and ends three months after you turn 65).

Late enrollment penalties:

- Are added to your monthly premium
- Are not a one-time late fee
- Are usually charged for as long as you have that type of coverage—a lifetime penalty for most people

PART A Late enrollment penalty

- If you don't enroll during your **Initial Enrollment Period**, your monthly premium may go up 10%.
- You'll have to pay the penalty for twice the number of years you weren't enrolled.

PART B Late enrollment penalty

- You'll pay an extra 10% for each year you could have enrolled in **Part B** but didn't.
- You may also pay a higher premium, depending on your income.

PART D Late enrollment penalty

- You'll pay an extra 1% for each month if you don't join a **Part D** plan when you first enroll in Medicare.
- You may also pay a higher premium, depending on your income.

To avoid these penalties, it's important to enroll during your Initial Enrollment Period.

What is Medicare Advantage?

Medicare Advantage (MA) plans (also known as **Part C**) are an alternative to Original Medicare. They provide Medicare coverage through private health insurers. MA plans cover Part A and B services, and many also include Part D prescription drug coverage, plus additional benefits. Note that not all MA plans include Part D coverage. If you want drug coverage, you'll need to choose a **Medicare Advantage Part D (MAPD)** plan.

Why choose a Medicare Advantage plan?

Medicare Advantage plans offer a number of features Original Medicare doesn't, including:

Extra benefits	**MA** plans often cover things like hearing, dental, and vision care.
Lower costs	With an **MA** plan, you'll pay a standard premium to CMS (Centers for Medicare & Medicaid Services), as you would with Original Medicare, but your out-of-pocket costs may be lower.
Spending caps	**MA** plans place a limit on how much you'll pay out of pocket each year for hospital and medical expenses.
Drug coverage	Most **MA** plans include prescription drug (**Part D**) coverage, so you won't need to purchase a separate plan.
All-in-one care	You can get your hospital, medical, and drug benefits through one company, which can feel more streamlined than Original Medicare.

How does Medicare Advantage work?

Medicare Advantage plans are required to provide the same benefits as Original Medicare Parts A and B. They also typically include Medicare Part D prescription drug coverage and additional benefits such as wellness programs, hearing aid discounts, dental, vision services, and more.

Who qualifies for Medicare Advantage?

Anyone who is enrolled in Original Medicare (Part A and Part B) can sign up for a **Medicare Advantage (Part C)** plan.

What to consider before enrolling:

- Some **MA** plans require you to use "in-network" doctors and facilities, or you'll be responsible for some or all of the cost. If a plan you're considering has a network, you'll want to find out whether your doctor(s) are in it.
- Ask if your plan requires a referral for you to see a specialist.
- Find out if the plan includes:
  - Monthly premiums
  - Copayments for various services
  - Out-of-pocket limits
  - Coverage for non-network providers

Why choose a PacificSource Medicare Advantage plan?

PacificSource Medicare is committed to going beyond what's required to put members first. We strive for this by offering human service, no referrals required to see a specialist, and a broad provider network.

Along with the assurance that your well-being is our top priority, you will also enjoy:

- Low-premium plans, including some with no monthly premium
- Out-of-network coverage—choose a plan that lets you see any U.S. doctor who accepts Medicare
- Dental care included in most plans
- Vision care, including eye exams and eyeglass reimbursement
- Alternative care coverage with many plans, including non-Medicare covered chiropractic, acupuncture, and naturopathic care

Interested in Medicare Advantage?

Learn more about what PacificSource can offer you at **Medicare.PacificSource.com**.

PacificSource Medicare

Going beyond what's required

PacificSource Community Health Plans is an HMO and HMO D-SNP plan with a Medicare contract and a contract with Oregon Health Plan (Medicaid). Enrollment in PacificSource Medicare depends on contract renewal.

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