Baker Avenue
Wealth Management



Understanding the ABCs in Medicare Options, Plans and Alternatives

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Figuring out the ABCs in Medicare can be very confusing. Whether you're nearing the enrollment period for Medicare or considering switching your policy, it's important to understand your options when it comes to supplemental coverage and alternatives.

Here's a quick guide to help you sort through the various descriptions, coverage plans and other important facts on Medicare and alternatives.



- What is Medicare?
- What is the Initial Enrollment Period?
- Two main ways to get Medicare: Original Medicare vs. Medicare Advantage
- Medicare Part A (Inpatient/Hospital Coverage)
- Medicare Part B (Outpatient/Medical Coverage)
- Medicare Part B Premium – Depending on Income
- Medicare Advantage Plans (Part C)
- Medicare Part D: Drug Coverage
- Medigap Plans
- What is Income-Related Monthly Adjustment Amount (IRMAA)?
- What Qualifies as a Life-Changing Event?
- How to Request a New Initial Determination

What is Medicare?

Medicare is a federal health insurance program offered to people 65 years of age and older, and to younger people with certain disabilities and illnesses.

There are four parts of **Medicare: Part A, Part B, Part C, and Part D**

The different parts help pay for various types of health care services and each has different costs that you may have to pay. Medicare costs depend on what coverage is chosen and on what health care services are used. These Medicare parts can be put together in a variety of ways to provide coverage based on your needs.

Medicare Initial Enrollment Period

You have a seven-month window to join during this period – from three months before the month you turn 65, through your birthday month, and three months after the month you turn 65.

For example, Mr. Smith turns 65 on February 28, 2027: Initial enrollment period is November 2026 - May 2027.

Other Enrollment dates:



Source: Understanding Medicare, aetnamedicare.com; Medicare & You 2027, medicare.gov

Original Medicare vs. Medicare Advantage[1]

You have two main ways to get Medicare:

- **Original Medicare** includes Medicare Part A (Hospital Insurance) and Part B (Medical Insurance). If you want drug coverage, you can join a separate Medicare Prescription Drug Plan (Part D).
- **Medicare Advantage** (also known as "Part C") is an "all in one" alternative to Original Medicare. These "bundled" plans include Part A, Part B, and usually Part D. They also offer extra benefits that original Medicare does not cover. Benefits, costs, provider networks, and plan rules vary by plan and by area.

Medicare Part A[2] (Inpatient/Hospital Coverage)

Most people pay no Part A premium. Those with fewer than 40 work quarters pay a monthly premium in 2027: $328 for 30 to 39 quarters, and $597 for fewer than 30.

- **Inpatient hospital care:** This is care received after you are formally admitted into a hospital by a physician. You are covered for up to 90 days in each benefit period in a general hospital, plus 60 lifetime reserve days. Medicare also covers up to 190 lifetime days in a Medicare-certified psychiatric hospital.
- **Skilled nursing facility (SNF) care:** Medicare covers room, board, and a range of services provided in an SNF, including administration of medications, tube feedings, and wound care. You are covered for up to 100 days each benefit period if you qualify for coverage.

  To qualify, you must have spent at least three consecutive days as a hospital inpatient within 30 days of admission to the SNF and need skilled nursing or therapy services.
- **Home health care:** Medicare covers services in your home if you are homebound and need skilled care. You are covered for up to 100 days of daily care or an unlimited amount of intermittent care. To qualify for Part A coverage, you must have spent at least three consecutive days as a hospital inpatient within 14 days of receiving home health care.

  Note: You can get home health care through Medicare Part B if you do not meet all the requirements for Part A coverage.
- **Hospice care:** This is care you may elect to receive if a provider determines you are terminally ill. You are covered for as long as your provider certifies you need care. Keep in mind that Medicare does not usually pay the full cost of your care, and you will likely be responsible for some portion of the cost-sharing (deductibles, coinsurances, copayments) for Medicare-covered services.

Hospital & SNF Stays in 2027
(Per Benefit Period)

Hospital Deductible	$1,776
Days 1-60 in hospital	$0 after you pay the Part A deductible
Days 61-90 in hospital	$444 per day
Days 91-150 in hospital	$888 per day (up from $868 in 2026) while using your 60 lifetime reserve days
After day 150 in hospital	You pay all costs
Skilled nursing facility daily coinsurance (days 21-100)	$222 per day

Source: 2027 Medicare Parts A & B Premiums & Deductibles (November 17, 2026), CMS.gov

Medicare Part B[3] (Outpatient/Medical Coverage)

Most people pay the standard Part B premium of $209.40 per month in 2027, and an annual Part B deductible of $292 applies before Medicare begins to pay its share.

- **Provider services:** These are medically necessary services you receive from a licensed health professional.
- **Durable medical equipment (DME):** This is equipment that serves a medical purpose, is able to withstand repeated use, and is appropriate for use in the home. Examples include walkers, wheelchairs, and oxygen tanks. You may purchase or rent DME from a Medicare-approved supplier after your provider certifies you need it.
- **Home health services:** Services covered if you are homebound and need skilled nursing or therapy care.
- **Ambulance services:** This is emergency transportation, typically to and from hospitals. Coverage for non-emergency ambulance/ambulette transportation is limited to situations in which there is no safe alternative transportation available and where the transportation is medically necessary.
- **Preventive services:** These are screenings and counseling intended to prevent illness, detect conditions, and keep you healthy. In most cases, preventive care is covered by Medicare with no coinsurance.
- **Therapy services:** These are outpatient physical, speech, and occupational therapy services provided by a Medicare-certified therapist.
- **Chiropractic care:** When manipulation of the spine is medically necessary to fix a subluxation of the spine (when one or more of the bones of the spine move out of position).
- **Select prescription drugs:** Including immunosuppressant drugs, some anti-cancer drugs, some anti-emetic drugs, some dialysis drugs, and drugs that are typically administered by a physician.
- **Telehealth:** Covered at any U.S. location, including your home, through December 31, 2027.
- **Mental health services**
- **X-rays and lab tests**

This list includes commonly covered services and items, but it is not a complete list. Keep in mind that Medicare does not usually pay the full cost of your care, and you will likely be responsible for some portion of the cost-sharing (deductibles, coinsurances, copayments) for Medicare-covered services.

Part B at a glance, 2027

$209.40	$292	20%
Standard monthly premium	Annual deductible	Coinsurance after the deductible

Source: 2027 Medicare Parts A & B Premiums & Deductibles (November 17, 2026), CMS.gov; Medicare & You 2027, medicare.gov

Medicare Part B Premium – Depending On Income

If you delay enrolling in Part B without qualifying coverage, you may pay a late enrollment penalty of 10% of the standard premium for each full 12-month period of delay, for as long as you have Part B. Most people pay Part B through Social Security deductions; others are billed. About 9% pay an income-related amount, and state Medicare Savings Programs may help with premiums.

Premium in 2027 Depends On Your Yearly Income in 2025

If your yearly income in 2025 (for what you pay in 2027) was:			You pay each month (in 2027)
File individual tax return	File joint tax return	File married & separate tax return	
$112,000 or less	$224,000 or less	$112,000 or less	$209.40
Above $112,000 up to $141,000	Above $224,000 up to $282,000	Not applicable	$293.10
Above $141,000 up to $177,000	Above $282,000 up to $354,000	Not applicable	$418.80
Above $177,000 up to $212,000	Above $354,000 up to $424,000	Not applicable	$544.40
Above $212,000 and less than $500,000	Above $424,000 and less than $750,000	Above $112,000 and less than $388,000	$670.00
$500,000 or above	$750,000 or above	$388,000 or above	$711.80

Source: 2027 Medicare Parts A & B Premiums & Deductibles (November 17, 2026), CMS.gov; Medicare & You 2027, medicare.gov

Medicare Advantage Plans (Part C)

Some people choose to get their benefits from a Medicare Advantage Plan (MA Plan), also known as a Medicare private health plan or Part C. MA Plans contract with the federal government and are paid a fixed amount per person to provide Medicare benefits. From January 1, 2027, plans may process prior authorization electronically.

The most common types of MA Plans are:

- **Health Maintenance Organizations (HMOs)[4]:** In most HMOs, you must see in-network providers to receive coverage unless you need emergency medical treatment.
- **Preferred Provider Organizations (PPOs)[5]:** After enrolling in a PPO, you can see any provider, but you generally pay more when seeing out-of-network providers. PPO plans typically offer fixed copayments when you use the plan's network.

Medicare Part D: Drug Coverage

Medicare Part D Premiums in 2027

File individual tax return	File joint tax return	File married & separate tax return	You pay each month (in 2027)
$112,000 or less	$224,000 or less	$112,000 or less	Your plan premium
Above $112,000 up to $141,000	Above $224,000 up to $282,000	Not applicable	$15.40 + your plan premium
Above $141,000 up to $177,000	Above $282,000 up to $354,000	Not applicable	$39.70 + your plan premium
Above $177,000 up to $212,000	Above $354,000 up to $424,000	Not applicable	$64.00 + your plan premium
Above $212,000 and less than $500,000	Above $424,000 and less than $750,000	Above $112,000 and less than $388,000	$88.30 + your plan premium
$500,000 or above	$750,000 or above	$388,000 or above	$96.40 + your plan premium

Source: 2027 Medicare Parts A & B Premiums & Deductibles (November 17, 2026), CMS.gov

Note: Medicare Part D premiums are calculated based on the recipient's adjusted gross income (AGI) from two years prior.

Medicare Part D, the prescription drug benefit, is part of Medicare that covers most outpatient prescription drugs.

Part D is offered through private companies either as a stand-alone plan for those enrolled in Original Medicare or as a set of benefits included with your Medicare Advantage plan.

In 2027, the Part D standard deductible is up to $700 and annual out-of-pocket drug costs are capped at $2,400. After you reach the cap, you pay nothing for covered Part D drugs for the rest of the year.

CMS ended the Part D Premium Stabilization Demonstration after 2026, so compare plans during open enrollment. Prices negotiated for 15 more drugs begin January 1, 2027. Extra Help copays are generally $5.80 (generic) and $14.40 (brand).

Unless you have creditable drug coverage and will have a Special Enrollment Period, you should enroll in Part D when you first get Medicare. If you delay enrollment, you may face gaps in coverage and enrollment penalties.

Each Part D plan has a list of covered drugs that is called its formulary. If your drug is not on the formulary, you may have to request an exception, pay out of pocket, or file an appeal.

Medigap Plans[6]

Medigaps are health insurance policies that offer standardized benefits to work with Original Medicare (not with Medicare Advantage). They are sold by private insurance companies. If you have a Medigap, it pays part or all certain remaining costs after Original Medicare pays first.

Medigaps may cover outstanding deductibles, coinsurance, and copayments. Medigaps may also cover health care costs that Medicare does not cover at all, like care received when traveling abroad.

Plans C and F are not available to anyone who became eligible for Medicare on or after January 1, 2020.

The chart below shows basic information about the different benefits Medigap policies cover.

✓ = the plan covers 100% of the benefit
X = the plan doesn't cover this benefit
% = the plan covers that percentage of this benefit and you're responsible for the rest
N/A = not applicable

The Medigap policy will only pay your coinsurance after you've paid the deductible (unless the Medigap policy also covers your deductible).

Medigap benefit	A	B	C	D	F*	G*	K	L	M	N
Part A coinsurance and hospital costs up to an additional 365 days after Medicare benefits are used	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Part B coinsurance or copayment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓***
Blood benefit (first three pints)	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Part A hospice care coinsurance or copayment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Skilled nursing facility care coinsurance	X	X	✓	✓	✓	✓	50%	75%	✓	✓
Part A deductible	X	✓	✓	✓	✓	✓	50%	75%	50%	✓
Part B deductible	X	X	✓	X	✓	X	X	X	X	X
Part B excess charge	X	X	X	X	✓	✓	X	X	X	X
Foreign travel emergency (up to plan limits)	X	X	80%	80%	80%	80%	X	X	80%	80%
Out-of-pocket limit**	N/A	N/A	N/A	N/A	N/A	N/A	$8,360 in 2027 ($8,000 in 2026)	$4,180 in 2027 ($4,000 in 2026)	N/A	N/A

*Plans F & G offer a high deductible plan in some states. The 2027 high-deductible amount is $3,050. The 2026 high-deductible amount is $2,950.

**Plans K & L show how much they'll pay for approved services before you meet your out-of-pocket yearly limit and Part B deductible. After you meet them, the plan will pay 100% of your costs for approved services.

***Plan N pays 100% of the costs of Part B services, except for copayments for some office visits and some emergency room visits.

Source: CMS, Out-of-Pocket Limits for Medigap Plans K & L for Calendar Year 2027 (October 2026), cms.gov; Medicare & You 2027, medicare.gov

Income-Related Monthly Adjustment Amount (IRMAA)

If Social Security determines that you should pay an IRMAA, they will mail you a notice called an initial determination.

This notice should include information on how to request a new initial determination. A new initial determination is a revised decision that Social Security makes regarding your IRMAA. You can request that Social Security revisit its decision if you have experienced a life-changing event that caused an income decrease, or if you think the income information Social Security used to determine your IRMAA was incorrect or outdated.

What Qualifies as a Life-Changing Event?

- The death of a spouse
- Marriage
- Divorce or annulment
- You or your spouse stopping work or reducing the number of hours you work
- Involuntary loss of income-producing property due to a natural disaster, disease, fraud, or other circumstances
- Loss of pension
- Receipt of settlement payment from a current or former employer due to the employer's closure or bankruptcy

You can make the case that Social Security used outdated or incorrect information when calculating your IRMAA. For example, you:

- Filed an amended tax return with the IRS
- Have a more recent tax return that shows you are receiving a lower income than previously reported

How To Request a New Initial Determination

To request a new initial determination:

- Submit a Medicare IRMAA Life-Changing Event form or schedule an appointment with Social Security
- You will need to provide documentation of either your correct income or of the life-changing event that caused your income to decrease

Understanding your Medicare options can help you make informed decisions. As you and your family go through personal and professional transitions, please feel free to reach out to BakerAvenue.

Sources: medicareinteractive.org; Social Security Administration; CMS.gov (2027 Medicare Parts A & B Premiums and Deductibles; Part D bid announcement, July 28, 2026; Medigap K & L Limits, October 2026); Medicare & You 2027, medicare.gov; aetnamedicare.com

1. Medicare Coverage Overview
2. Medicare Part A
3. Medicare Part B
4. Medicare Part C Health Maintenance Organizations (HMO's)
5. Medicare Part C Preferred Provider Organizations (PPO's)
6. Medigap Plans

Disclosures

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Unless otherwise noted, premiums, deductibles, coinsurance, income thresholds, and other dollar amounts shown are 2027 amounts published by CMS by November 17, 2026 and were current as of the date above. Amounts may change, and prior-year amounts shown are for comparison only. Tables and examples are for educational purposes only and may be simplified.

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BakerAvenue paid fees in connection with obtaining and maintaining its Certified B Corporation status, including an initial licensing fee and ongoing annual licensing fees. Additional information regarding Certified B Corporation standards, certification requirements, and methodology is available from B Lab.

Forbes Top RIA Firms

2023 & 2025

Forbes America's Top RIA Firms

BakerAvenue Wealth Management was recognized in the 2025 Forbes America's Top RIA Firms ranking published by Forbes in partnership with SHOOK Research. The ranking was awarded on October 1, 2025, and was based on data collected during the period from April 1, 2024, through March 31, 2025. The ranking is independently determined by Forbes and SHOOK Research using their proprietary methodology.

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BakerAvenue paid fees in connection with participation in the certification program and use of the certification. Additional information regarding Great Place to Work® Certification and its methodology is available from Great Place to Work®.

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