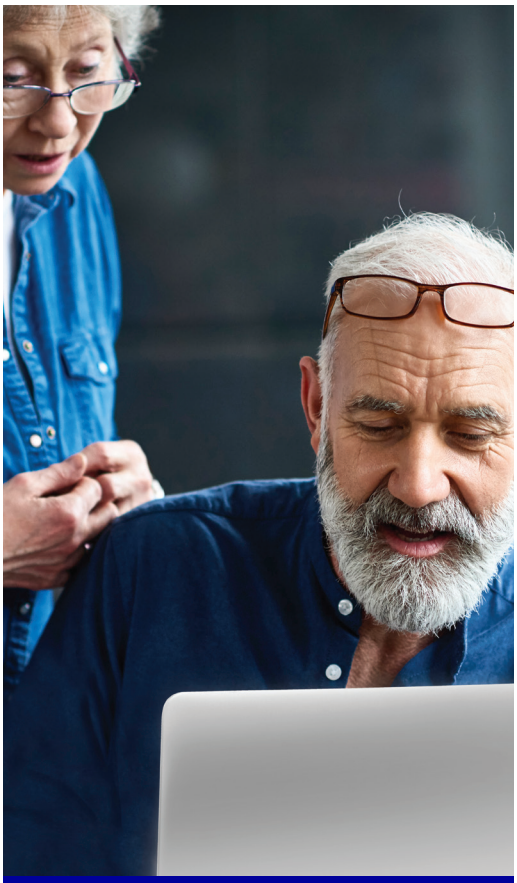


Manulife Investments | John Hancock

Medicare: questions and answers

What you need to know about your Medicare enrollment and plan decisions

Making sense of all the Medicare enrollment periods, rules, and plan options can be overwhelming. Understanding Medicare prior to your enrollment is crucial to finding the right plan and avoiding lifelong penalties. By doing your research ahead of time, you will enjoy the benefits of being in the right plan for you, penalty-free, throughout retirement.

About
11,000
people become eligible to enroll in Medicare every day.[1]

Medicare Q&A Medicare enrollment and costs

What is Medicare? Medicare is health insurance provided by the American government for seniors who are age 65 and older and for others who qualify due to specific disabilities.

What type of coverage will you get from Medicare?
Medicare has two parts: Part A and Part B.

- **Part A** covers inpatient services, such as your hospital room, meals, lab services, medications you receive in the hospital, hospice care, and stays at a skilled nursing facility.
- **Part B** is your outpatient coverage, which helps cover doctor's visits, durable medical equipment, mental health services, some vaccinations, ambulance rides, and more.

1 forbes.com, February 14, 2025.

Is this how “understanding Medicare” makes you feel?

21%

Medicare’s share of U.S. healthcare expenditures in 2023[2]

2 cms.gov, 2023. Most recent data available.

Will you automatically be enrolled in Medicare?

If you are already taking Social Security benefits at least four months before turning 65, you will be auto enrolled in Medicare Part A and Part B when it gets close to your birthday month. However, if you are not receiving Social Security benefits four months before you turn 65, then you will need to enroll in Medicare during your Initial Enrollment Period.

What is the Initial Enrollment Period (IEP)?

The Initial Enrollment Period (IEP) begins three months before your 65th birthday, includes your birthday month, and ends three months after your birthday month.

When will your Medicare start once you enroll in Part A and Part B?

If you enroll in Medicare within the first three months of your IEP, then your Medicare should start on the first of your birthday month. However, if you enroll in Medicare during your birthday month, your Medicare will become active one month after your birthday.

Medicare coverage start date

If you sign up for Medicare during this time:	Your coverage will become active on:
The month you turn 65	1 month after you enroll
1 month after you turn 65	1 month after you enroll
2 months after you turn 65	1 month after you enroll
3 months after you turn 65	1 month after you enroll
During the General Enrollment Period	1 month after you enroll

Source: medicare.gov, 2025.

When you retire past 65 years old, how long do you have to enroll in Medicare?

You will have eight months to enroll in Medicare Part A and Part B beginning on the day you lose active employer coverage.

If you have COBRA, do you need Medicare?

COBRA is not considered creditable coverage for Parts A and B. Medicare is also primary when you have both COBRA and Medicare. Therefore, you will want to enroll in Part A and Part B as soon as possible, and not later than eight months of losing active employer coverage.

What happens if you do not enroll in Medicare?

If you fail to enroll in Medicare, you may be charged late enrollment penalties for Part A and Part B. If you pay a monthly premium for Part A (most people don't), your Part A premium will increase by 10% and you will pay this penalty for double the number of years you delayed Part A.

The Part B penalty is different and affects far more people. If you delay your Part B enrollment and do not have a source of creditable coverage, you will be charged a 10% late enrollment penalty for each year you were not enrolled in Part B and should have been. You will pay this penalty for as long as you are enrolled in Medicare Part B.

If you missed your Initial Enrollment Period, can you still enroll in Medicare?

If you miss your IEP and do not have a Special Enrollment Period (SEP) due to having creditable coverage, you will have to wait until the General Enrollment Period (GEP) to enroll in Medicare Part A and Part B. The GEP runs from January 1 through March 31 every year.

What is a Special Enrollment Period for enrolling in Medicare?

If you continue to work past the age of 65 and you have large employer insurance, you can delay enrollment into Medicare to save those monthly premiums. Once you retire, you are given an eight-month SEP that begins on the day your group coverage ends. During the SEP, you can enroll in Medicare Part A and Part B without being charged a penalty.

Once you are enrolled in Medicare, you may also become eligible for other SEPs in certain circumstances. These pertain to selecting other coverage. For example, if you are enrolled in a Medicare Advantage plan or Part D drug plan, and you move to a new state, you will lose access to your current plan selection.

Therefore, you will open a two-month SEP window to make changes to your plans. These periods are also referred to as a Special Enrollment Periods, and there are many scenarios that create them.

How much are Medicare premiums?

Medicare premiums typically increase yearly due to inflation. If you've worked 10 years (40 quarters) in the United States and paid FICA payroll taxes, you won't have a premium for Part A. However, if you worked for 30 to 39 work quarters, you'll pay $311/month for Part A. If you worked 29 quarters or less, your monthly Part A premium is $565/month in 2026.

When setting your Part B premium, the Social Security office pulls your IRS tax returns from two years prior to determine what you will pay for Part B. If your income two years ago was less than $109,000, you will pay the standard Part B premium of $202.90 in 2026.

However, in 2026 if your income was more than $109,000 in 2023, you will pay the standard Part B premium plus an Income-Related Monthly Adjustment Amount (IRMAA).

Monthly premiums for Part B new enrollees

Based on your 2024 modified adjusted gross household income, your 2026 Part B premium will be (two-year lookback):

Individual tax return	Joint tax return	Married and separate tax return	You pay (in 2026)
Less than or equal to $109,000	Less than or equal to $218,000	Less than or equal to $109,000	$202.90
Greater than $109,000 and less than or equal to $137,000	Greater than $218,000 and less than or equal to $274,000	N/A	$284.10
Greater than $137,000 and less than or equal to $171,000	Greater than $274,000 and less than or equal to $342,000	N/A	$405.80
Greater than $171,000 and less than or equal to $205,000	Greater than $342,000 and less than or equal to $410,000	N/A	$527.50
Greater than $205,000 and less than $500,000	Greater than $410,000 and less than $750,000	Greater than $109,000 and less than $391,000	$649.20
Greater than or equal to $500,000	Greater than or equal to $750,000	Greater than or equal to $391,000	$689.90

Source: U.S. Centers for Medicare & Medicaid Services, as of 10/12/25.

If you do not have 40 quarters, but your spouse does, will you have to pay Part A premium?

When you apply for Medicare, you will get premium-free Part A through your spouse's work credits if he or she is at least 62 years old and you have been married for at least one year.

Is there a maximum out of pocket with Original Medicare?

No, you will not have a maximum out of pocket with Original Medicare. Medicare generally provides coverage for any medically necessary treatment for injuries and illnesses. However, you will pay 20% coinsurance for all Part B care, with no cap on how much you might spend. This is why people purchase additional coverage such as Medigap or Medicare Advantage.

Federal Employee Health Benefits (FEHB) program for retirees, Tricare for Life (TFL), and veterans benefits

If you are a federal retiree and have an FEHB healthcare plan, do you need Medicare?

FEHB is not creditable coverage for Part A and Part B. So, failing to enroll in Medicare during your Initial Enrollment Period would result in a late penalty if you did choose to enroll down the road.

That said, you have options for your coverage with FEHB and should choose whichever is most cost-effective based on premium costs and out-of-pocket cost sharing.

Do you still need Medicare Part A and Part B if you have Tricare for Life (TFL)?

TFL functions as a supplement, or wraparound, for people who are enrolled in Medicare Parts A and B. What this means is that Medicare will be your primary insurance and TFL will pay secondary.

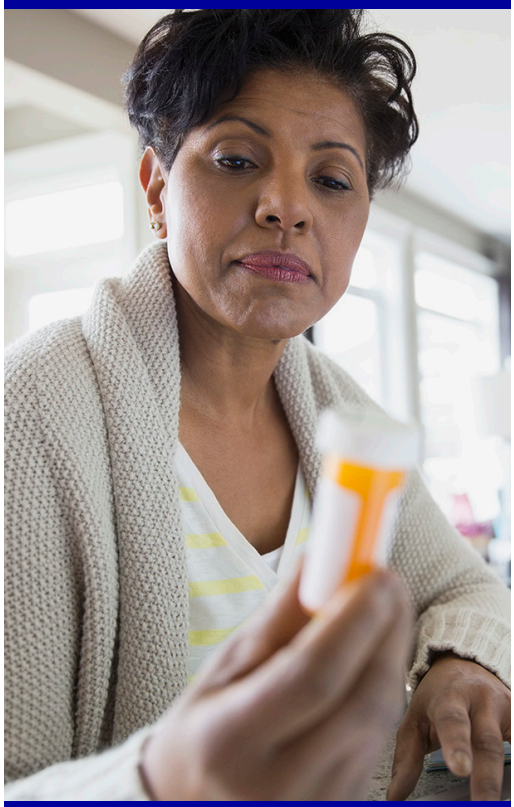
Does the VA count as creditable coverage for Medicare?

No, the VA is not considered creditable coverage for Medicare Part A and Part B. Therefore, you must enroll in Medicare or you will be charged a late enrollment penalty. However, the VA is creditable coverage for Medicare Part D prescription drug coverage.

Medicare Part D

What is Medicare Part D?

Medicare Part D provides your prescription drug coverage through the Medicare program. However, unlike Medicare Part A and Part B, Medicare Part D is sold by private insurance carriers. Most Medicare beneficiaries have about 6 Medicare Part D plan options available in their zip code.



19.1%

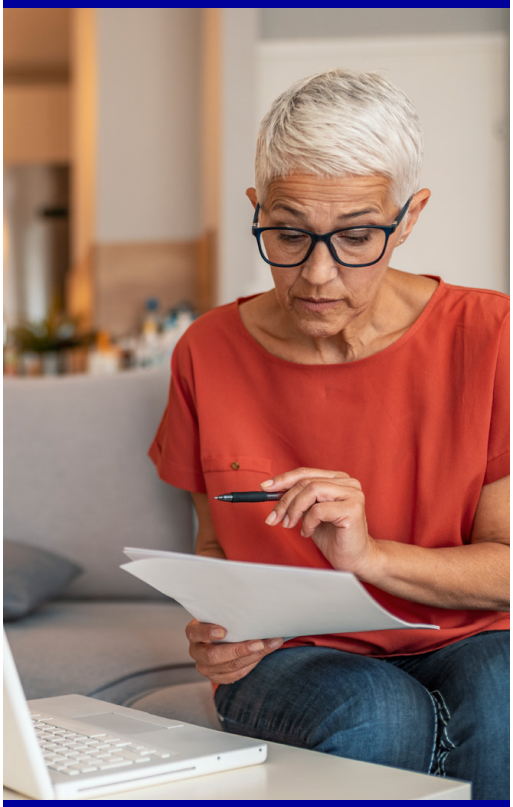
Percentage of Americans covered by Medicare in 2024[3]

3 census.gov, September 9, 2025.

In 2024,

54%

of all Medicare beneficiaries were enrolled in Medicare Advantage Plans[4]



4 kff.org, 2024.

When should you enroll in Medicare Part D?

Your first chance to enroll in a Medicare Part D plan is during your Initial Election Period. Your IEP starts three months before your Part A effective month and ends three months after. For example, if your Part A starts June 1, your IEP starts March 1 and ends September 30. However, if you have creditable drug coverage past 65, then you may be able to delay Part D without penalty.

What is creditable coverage for Medicare Part D?

There are various forms of creditable coverage for Part D. The most common forms are employer coverage (large and small) and VA drug benefits. If you continue to have creditable drug coverage past age 65, you can delay Medicare Part D without gaining a late enrollment penalty later.

When can you change Part D plans?

Medicare Part D plans usually change from year to year, as can your prescriptions. Therefore, you may want to change Part D plans each year to meet your new drug needs. However, generally, you only have one chance to switch Part D plans each year. The Annual Election Period begins on October 15 and ends on December 7 every year. During this period, you can enroll in, drop, or change Medicare Part D plans and Medicare Advantage plans.

What are the three payment stages for a Part D drug plan? Every Part D drug plan has three payment stages. As you fill covered prescriptions, you will move throughout the stages. The stages are Deductible, Initial Coverage, and Catastrophic Coverage.

Deductible stage

During the Deductible stage, you will pay the full price for your prescriptions until you satisfy your plan's deductible. The maximum allowed Part D deductible in 2026 is $615. Plans can set their deductibles lower and/or only apply the deductible to specific tiers.

Initial Coverage stage

Once you've met your Part D deductible, you will move into the Initial Coverage stage. During this stage, you will pay a copay or coinsurance for your covered medications. Once you have paid $2,100 for the year for covered medications, you will move into the Catastrophic Coverage stage.

Catastrophic Coverage

The Catastrophic Coverage cost sharing has been eliminated. In this stage, your plan will cover your medications at 100% for the remainder of the calendar year.

Medicare Supplemental plans

What is a Medicare Supplement (Medigap) plan?

Medigap insurance plans are plans that help cover the gaps that Original Medicare leaves you responsible for. These plans are purchased through an insurance company. However, all 10 plans are standardized. This means one Plan G has the same coverage as another Plan G. You will pay an additional premium to have this plan, but in return this plan will be secondary to Original Medicare and will cover the gaps leaving you with little out of pocket.

Can you change your Medigap plan at any time?

You can change your Medigap plan at any time during the year. There is no election period or timeframe that you must wait for. However, when you want to change you may have to answer a series of health questions if you are outside of your initial Open Enrollment window for Medigap. This varies by state.

How often do rates go up on a Medigap plan?

It depends on the type of Medigap plan rate you have (attained-age, community-rated, or issue-age). Some plans go up once per year on your anniversary or birthday, while others may go up twice a year on both your anniversary and birthday.

Medicare Advantage plans

What is a Medicare Advantage plan?

A Medicare Advantage plan, also known as Part C, is a type of Medicare plan that is through a private insurance company. You still have Medicare Part A and Part B; however, you will be receiving all of your benefits through your Medicare Advantage plan.

Most Medicare Advantage plans offer care through a network of doctors and hospitals. There are copays and coinsurance with these plans and a max out of pocket so the amount you spend in a year does have a cap to it. Most of these plans will also bundle drug coverage as well. Some plans even provide additional benefits such as dental, vision, hearing, and gym memberships.

What is the difference between a Medicare Advantage plan and a Medigap plan?

Medigap plans help cover the “gaps” that Medicare does not cover. For example, Medicare Part B will only cover 80% of your Medicare-approved services, leaving you responsible for payment for the remaining 20%. A Medigap plan will help cover the 20% for you. You can go anywhere in the United States, as long as the provider accepts Medicare, it has to accept your Medigap plan. You also do not need a referral to see a specialist.

Medicare Advantage plans are another alternative for Medicare and are sold through private insurance companies. These plans work differently than Medigap. You will opt to receive all of your Medicare benefits (Part A, Part B, and Part D) through the carrier. Medicare Advantage plans may offer you additional dental, vision, and hearing benefits.

The Medicare population is expected to grow to 79 million by 2030[5]

When can you change Medicare Advantage plans?

There are a few different election periods you can use to change a Medicare Advantage plan. The first is the Annual Election Period, which is from October 15 to December 7 of each year. You can change from one Medicare Advantage plan to another, apply for a Medicare Advantage plan if you do not have one, or switch from a Medicare Advantage plan to Original Medicare with a Part D plan.

If your doctor does not accept your Medicare Advantage plan, can you use your Original Medicare?

No, you cannot use Original Medicare when you have a Medicare Advantage plan. You agree to receive all your Medicare benefits through your Medicare Advantage plan. If your doctor does not accept your plan, you will be paying completely out of pocket for that service.

Do you need to keep paying your Part B premium when you have a Medicare Advantage plan?

Yes, even though you are getting all of your benefits through your Medicare Advantage plan, you must keep your Medicare Parts A and B which means you have to continue to pay your Part B premium.

Ask your financial professional

At Manulife John Hancock Investments, we believe that seeking expert help and establishing a relationship with a financial professional is the best way to secure the kind of life you want to live.

5 AARP Public Policy Institute, 2023. Most recent data available.

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