

## Why You Should Care About Medicare

Medicare can be tough to understand. It doesn't have to be.



Americans are living longer than ever before. Life expectancy of a newborn in the US today is approximately 78 years.<sup>1</sup> But there's a rub to our lengthy life expectancies: dramatically higher healthcare costs.

The cost of medical expenditures is steadily on the rise. Medical costs are expected to increase by 8.5% in 2026.<sup>2</sup> Having the right Medicare plan in place can help keep these expenses manageable in retirement.

However, Medicare's complexity can make it all seem somewhat confusing. Imagine being asked to put together a jigsaw puzzle without having seen the picture on the box lid first. That's how many of us feel as we begin navigating our options and planning for what's next.

Here are a few basics everyone approaching retirement age should know about this important component of planning for the future.

### What Is Medicare?

The federal government began playing a direct role in our healthcare with the 1966 launch of Medicare and its sister program, Medicaid. Medicare's goal: provide affordable national health insurance for older Americans.

### Who Is Eligible?

You are eligible for Medicare if:

- You're 65 or older, AND
- You or a spouse paid at least 10 years of Medicare taxes.

People younger than 65 with qualifying disabilities and medical conditions may also be eligible.

### Key Points

- Healthcare continues to be one of the largest expenses in retirement.
- Medicare can help address healthcare costs. However, the complexity of the programs and their eligibility requirements can make them difficult to understand.
- Your financial professional can help you see how your choices may ultimately impact your financial planning for retirement.

## What Are the Different Parts of Medicare?

There are four parts to Medicare.

1. **Medicare Part A**—This is hospital coverage.

**FIGURE 1**

### **Medicare Part A Coverage**

Hospital stays and associated services including:
A semi-private hospital room
Hospital meals
General nursing
Skilled nursing facility care
Care on special units, including intensive care
Drugs, supplies, and equipment as part of inpatient treatment
Long-term hospital care
Hospice care
Skilled healthcare for the homebound
Operating room and recovery services

2. **Medicare Part B**—This is medical coverage. There is a monthly premium for this coverage.

**FIGURE 2**

### **Medicare Part B Coverage**

Medically necessary services and preventive services, including:
Clinical research studies
Emergency ambulance services
Durable medical equipment
Mental health
Second opinion before surgery
Limited outpatient prescription drugs
Doctor visits
Surgery
Lab tests

3. **Medicare Part C**—This is private insurance. More frequently called Medicare Advantage, these are Medicare-approved health insurance plans available through private insurance companies. Those enrolled in these plans still have to enroll in the Original Medicare plans (Parts A and B), but their coverage comes from Medicare Advantage. Most Medicare Advantage plans offer prescription drug coverage, too. In addition, there are other private plans besides Medicare Advantage.

**FIGURE 3**  
**Medicare Part C Coverage**

<b>All the benefits of Part A and Part B plus:</b>
Prescription drug coverage is included in many Medicare Advantage plans
Additional benefits depending on the plan

4. **Medicare Part D**—This is prescription drug coverage. It’s a federal program that helps subsidize prescription drug costs for Medicare enrollees—all who are enrolled in Original Medicare (Part A or Part B) and some of those with Medicare Advantage (Part C). There is a monthly premium for coverage. Be aware how it will affect your other drug coverage.

**FIGURE 4**  
**Medicare Part D Coverage**

<b>Prescription drugs including:</b>
Federally mandated types of drugs Part D plans are required to cover
Specific coverage, payment, and subsidy rules for each prescription drug plan
Commercially available vaccines
Drugs available by prescription for purchase in the United States

## How Much Does Medicare Cost?

As with most insurance plans, you'll pay premiums no matter which plan you end up choosing. You'll also have deductibles, copayments, and coinsurance. The amount depends on the plan you select.

## What Is Not Covered by Original Medicare (Part A and Part B)?

You may be surprised to learn that most dental care, eye exams for prescription glasses, hearing services, routine foot care, and long-term care are among the list of what's not covered by Part A or Part B. Medicare Advantage (Part C) plans typically cover these services.

## When Can I Enroll?

Your first opportunity to enroll in Medicare is during your Initial Enrollment Period, which begins three months before the month you turn 65, includes your birthday month, and ends three months after—a total of seven months. During that time, you can sign up for Original Medicare (Part A and Part B).

If you have employer coverage, you may choose to delay enrolling in Part A, but many people enroll anyway since it's usually premium-free. However, if you're contributing to a Health Savings Account (HSA), enrolling in Part A may affect your eligibility to continue HSA contributions.

If you missed the Initial Enrollment Period, you can enroll in Part A, Part B, or both between January 1 and March 31. The enrollment window for Part C and Part D—both for new enrollees and current participants wishing to switch plans or change coverage—opens October 15 and runs until December 7 every year.

**Be aware:** Penalties may apply for late enrollment or if you miss your initial enrollment window.

### What Happens If I Delay Enrolling?

Delaying enrollment in Original Medicare (Part A or Part B) can lead to financial penalties, depending on your situation.

#### Part A

Not everyone qualifies for premium-free Part A. Individuals who haven't paid Medicare taxes for at least 10 years—either personally or through a spouse—must pay a monthly premium. If enrollment is delayed beyond the Initial Enrollment Period, a 10% penalty is added to the monthly premium for each year of delay. This penalty lasts for twice the number of years enrollment was postponed. Example: A two-year delay results in a 10% monthly penalty for four years.

#### Part B

For Part B, the penalty is 10% for each 12-month period enrollment is delayed without creditable coverage (such as an employer-sponsored group health plan). This penalty is added to the monthly premium and typically applies for as long as Part B coverage is active.

However, individuals who continue working past age 65 and are covered by their employer's health insurance may be able to delay Part B enrollment without incurring penalties.

### How Does a Medicare Supplement Insurance Plan Fit?

Private insurance companies offer optional supplemental plans to help with out-of-pocket expenses, such as deductibles, premiums, and copayments, for those who are still enrolled in Original Medicare (Part A and Part B). This is different than Medicare Advantage (Part C) because it works alongside Original Medicare (Part A and Part B) instead of being an alternative. Your open enrollment window for these supplemental plans—often called Medigap<sup>3</sup>—begins in the first six months after you turn 65 or older and enrolled in Medicare Part B. Make sure you enroll during this period or you might not get accepted once the window closes.

### Will Recent Federal Legislation Impact Medicare?

Recent federal legislation—the One Big Beautiful Bill Act—has introduced new considerations for Medicare enrollment. While the law includes temporary payment increases for physicians, it also postpones efforts to streamline enrollment for low-income beneficiaries and introduces additional verification steps. These developments highlight the importance of staying informed about Medicare's evolving rules and enrolling on time to avoid potential penalties or coverage gaps.

### How Do I Keep up on the Latest Developments in Medicare?

Visit the official Medicare website at [Medicare.gov](https://www.medicare.gov) today. You can also keep up-to-date by following @MedicareGov on X (formerly known as Twitter) for all the latest news.

### Have More Questions?

This list is simply a starting point for you to begin considering your options and how they may impact you. Your financial professional can help you understand how your choices may ultimately impact your retirement.

**Talk with your financial professional to better understand Medicare options and how they can impact your future.**

<sup>1</sup> Source: CDC, "National Vital Statistics System, Volume 74, No. 6," 7/25.

<sup>2</sup> Source: PwC Health Research Institute, "Medical Cost Trend: Behind the Numbers 2026," 7/25.

<sup>3</sup> As of January 1, 2020, Medigap plans sold to people new to Medicare stopped covering the Part B deductible. Because of this, Plans C and Plan F, both of which previously covered the Part B deductible, became unavailable to people new to Medicare on or after January 1, 2020. People who were covered by one of these plans before January 1, 2020, have been able to keep them. Source: Medicare.gov, 2025.

This information does not take into account the specific tax and financial condition of any specific person. This information has been prepared from sources believed reliable but the accuracy and completeness of the information cannot be guaranteed. This material and/or its contents are current at the time of writing and are subject to change without notice.

Hartford Funds Distributors, LLC, Member FINRA.