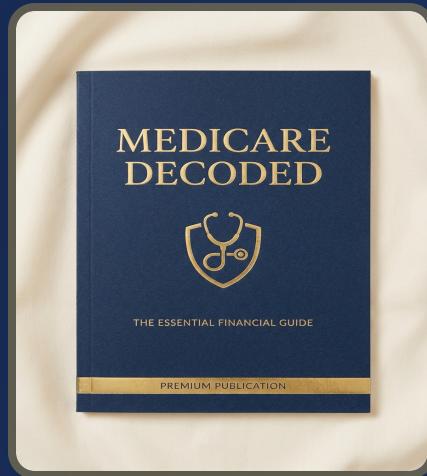




**AZIRS**

ARIZONA INSURANCE & RETIREMENT SERVICES

OFFICIAL AZIRS GUIDE · AZIRS-LG-002



# Medicare Decoded

*Parts A, B, C & D — Without the Jargon*

20 PAGES · 16 MIN READ

**Arizona Insurance & Retirement Services**

(602) 376-7260 · AZIRS.com

PUBLISHED 2026 · ALL RIGHTS RESERVED



AZIRS

MEDICARE DECODED

A NOTE FROM THE AUTHOR

## Welcome

Thank you for downloading *Medicare Decoded*. My team and I wrote this guide for one reason: the retirement industry loves jargon, but real families need answers.

Everything inside is based on what we've learned helping hundreds of Arizona families transition from working years to retirement years — calmly, confidently, and without running out of money.

If anything raises a question for you, please don't guess. Call us at **(602) 376-7260** or book a free 30-minute review at **AZIRS.com/schedule**. No sales pitch, no obligation — ever.

— Dana Artzer, Founder & Licensed Insurance Producer (NPN 8965858)

## Key Takeaways

- ✓ When to enroll (and the penalty for being late)
- ✓ Original Medicare vs. Medicare Advantage compared
- ✓ How Part D drug coverage actually works
- ✓ Choosing a Medigap supplement plan
- ✓ IRMAA surcharges — who pays more and how to reduce them
- ✓ Case studies: 3 real Medicare decisions side-by-side
- ✓ Costs cheat sheet for 2026 + printable enrollment checklist
- ✓ Glossary of every Medicare term you'll hear

**About AZIRS:** We are an independent Arizona-based brokerage specializing in retirement income, annuities, Medicare, and life insurance. We work with 30+ A-rated carriers and have no sales quotas. Our only job is to put the right plan in writing for you.

# Table of Contents

- 01. Chapter 1 — The 4 Parts of Medicare .....
- 02. Chapter 2 — When to Enroll (and Avoid Lifetime Penalties) .....
- 03. Chapter 3 — Original Medicare vs. Medicare Advantage .....
- 04. Chapter 4 — Medigap (Medicare Supplement) Demystified .....
- 05. Chapter 5 — Part D Drug Coverage .....
- 06. Chapter 6 — IRMAA: The Hidden Medicare Tax on Higher Incomes .....
- 07. Chapter 7 — The 5 Most Costly Mistakes .....
- 08. Chapter 8 — Case Study: Bob & Linda (Healthy, Travel Often) .....
- 09. Chapter 9 — Case Study: Carla (Tight Budget, Healthy, Stays Local) .....
- 10. Chapter 10 — Case Study: Rajiv (High Earner, Managing IRMAA) .....
- 11. 2026 Costs Cheat Sheet .....
- 12. Printable Medicare Enrollment Checklist .....
- 13. Glossary — Medicare Terms Decoded .....
- 14. Your Next Step .....

---

**1**

## Chapter 1 — The 4 Parts of Medicare

---

Part A — Hospital insurance. Free for most people who paid Medicare taxes for 10+ years (40 quarters).

Part B — Medical insurance (doctors, outpatient, durable medical equipment). \$203.90/month standard premium in 2026 (before any IRMAA surcharge).

Part C — Medicare Advantage. Bundles A+B+often D through a private insurer, usually with a network.

Part D — Prescription drug coverage. Standalone plan, or built into a Medicare Advantage plan.

A helpful mental model: Parts A & B are the government program. Parts C & D are the private insurance layer on top.

**2**

## Chapter 2 — When to Enroll (and Avoid Lifetime Penalties)

---

Your Initial Enrollment Period (IEP) is the 7 months around your 65th birthday: 3 months before, your birthday month, and 3 months after.

Miss it without "creditable coverage" and you'll pay a permanent late-enrollment penalty: 10% per year late for Part B and 1% per month late for Part D — for LIFE.

Special Enrollment Period (SEP): If you're still working at 65 with employer coverage from a group of 20+ employees, you can delay Part B without penalty. You have 8 months after that coverage ends to enroll.

General Enrollment Period: Jan 1 – Mar 31 each year, coverage starts the following month. Reserved for people who missed their IEP.

Annual Enrollment Period (AEP): Oct 15 – Dec 7 — when you can switch Advantage and Part D plans for the next calendar year.

**3**

## Chapter 3 — Original Medicare vs. Medicare Advantage

---

Original Medicare (Parts A + B, usually paired with a Medigap supplement and standalone Part D): Higher premiums, lower out-of-pocket at the point of care, see any doctor nationwide that accepts Medicare. Great for travelers and people with complex medical needs.

Medicare Advantage (Part C): Often \$0 premium, frequently includes dental/vision/hearing/gym, but network restrictions and copays for most services. Out-of-pocket max protects you from a catastrophic year (2026: up to \$9,350 in-network).

There is no universal "best." The right answer depends on your doctors, your prescriptions, your travel patterns, and your risk tolerance.

Rule of thumb: if you have a chronic condition, see specialists, or travel often — Original + Medigap usually wins over time. If you are healthy, stay local, and want lower monthly costs — Advantage can be a great fit.

## Chapter 4 — Medigap (Medicare Supplement) Demystified

---

Medigap plans fill the "gaps" left by Original Medicare — deductibles, coinsurance, and copays. They are sold by private insurers but standardized by the federal government (Plans A, B, D, G, K, L, M, N).

Plan G is currently the most comprehensive option available to new enrollees. Plan N has slightly lower premiums with small copays at doctor visits.

**CRITICAL:** During your 6-month Medigap Open Enrollment (starting the month you turn 65 AND are enrolled in Part B), insurers CANNOT deny you or charge more for pre-existing conditions. Outside that window, in most states, they can.

Medigap premiums vary by company for the EXACT SAME benefits. A Plan G from Company A might be \$140/month while the identical Plan G from Company B is \$210/month. Always shop with an independent broker.

## Chapter 5 — Part D Drug Coverage

---

Part D covers prescription drugs. Plans vary dramatically by formulary (the list of covered drugs), tier placement, and pharmacy network.

2026 changes are major: a new \$2,000 annual out-of-pocket cap on covered drugs (no more donut hole). Members can also spread that cost over the year via the Medicare Prescription Payment Plan.

Choose a Part D plan based on YOUR specific drug list — not the lowest premium. A \$15/month plan that doesn't cover your \$400/month medication is a terrible deal.

Use Medicare.gov Plan Finder each fall during AEP. Plans change formularies every year.

## Chapter 6 — IRMAA: The Hidden Medicare Tax on Higher Incomes

---

IRMAA (Income-Related Monthly Adjustment Amount) is a surcharge added to your Part B and Part D premiums if your income crosses certain thresholds. Social Security uses your tax return from TWO YEARS AGO to set the current year's premium — so your 2024 income determines your 2026 IRMAA.

2026 IRMAA Part B brackets (single filer / married filing jointly):

- Up to \$109,000 / \$218,000: \$203.90/month (no surcharge)
- \$109,001–\$137,000 / \$218,001–\$274,000: \$285.50/month (+\$81.60)
- \$137,001–\$171,000 / \$274,001–\$342,000: \$407.20/month (+\$203.30)
- \$171,001–\$205,000 / \$342,001–\$410,000: \$528.90/month (+\$325.00)
- \$205,001–\$500,000 / \$410,001–\$750,000: \$650.50/month (+\$446.60)
- Above \$500,000 / \$750,000: \$691.10/month (+\$487.20)

Part D also carries its own IRMAA surcharge (\$13.70–\$85.80/month in 2026) on top of your drug plan premium.

How to fight back: (1) File Form SSA-44 if you had a "life-changing event" — retirement, divorce, death of a spouse, loss of pension. (2) Plan Roth conversions and capital gains BEFORE age 63 so they don't spike your IRMAA-determining income. (3) Use Qualified Charitable Distributions (QCDs) from your IRA after 70½ to lower MAGI. IRMAA is one-year-at-a-time — reducing MAGI this year lowers premiums two years from now.

1. Enrolling late and paying lifetime penalties.
2. Picking a plan based on premium alone, ignoring drug costs and IRMAA.
3. Not reviewing your plan annually during AEP (Oct 15 – Dec 7). Plans change — yours should be reviewed yearly.
4. Assuming Medicare covers long-term care. It does not — only limited skilled nursing after a hospital stay. Plan separately for LTC.
5. Trying to figure it out alone instead of using a free licensed broker. Brokers are paid the same amount by every carrier, so there's no incentive to steer you.

**Chapter 8 — Case Study: Bob & Linda (Healthy, Travel Often)**

---

Bob (66) and Linda (65) are healthy, take 1–2 maintenance medications each, and spend 3 months a year visiting grandchildren across the country.

Advantage plan ruled out — the networks don't travel well. A provider in Arizona might be out-of-network from their home state in Ohio.

Recommendation: Original Medicare + Plan G Medigap + a low-cost Part D plan matched to their specific prescriptions.

Total monthly cost (2026): ~\$203.90 Part B + ~\$155 Plan G + ~\$25 Part D = ~\$384 each. Predictable, portable, almost zero surprise out-of-pocket.

**Chapter 9 — Case Study: Carla (Tight Budget, Healthy, Stays Local)**

---

Carla (65) lives on a modest fixed income. Her doctors all participate in a well-rated local Medicare Advantage HMO.

Recommendation: Medicare Advantage (HMO) with \$0 premium, \$0 primary care copay, \$45 specialist copay, includes dental/vision/hearing/gym, and a Part D formulary that includes her two generics at \$0.

Total monthly premium: \$0 (she still pays Part B of \$203.90). Maximum out-of-pocket in-network: \$5,900. Massive savings vs. Medigap route while she remains healthy.

Important: we review annually. If her health changes, we revisit whether to switch to Medigap — and discuss underwriting.

**Chapter 10 — Case Study: Rajiv (High Earner, Managing IRMAA)**

---

Rajiv (64) is selling a business in 2025. His 2025 MAGI will spike to \$480,000. Without planning, his 2027 Medicare premiums would jump into the 5th IRMAA bracket — roughly \$650.50/month for Part B alone, plus Part D surcharges.

Strategy: (1) File Form SSA-44 in 2026 citing "work stoppage/reduction" as a life-changing event — his retirement income drops dramatically. (2) Postpone any Roth conversions until 2026 when MAGI normalizes. (3) Begin QCDs from his IRA starting at 70½.

Result: projected IRMAA savings over 10 years = ~\$48,000 for the household.

Part A premium: \$0 for most (up to \$518/month if fewer than 40 quarters of work credits)

Part A hospital deductible: \$1,676 per benefit period

Part B standard premium: \$203.90/month

Part B annual deductible: \$283

Part B coinsurance: 20% after deductible (unless covered by Medigap)

Part D max out-of-pocket: \$2,000/year (new)

Medicare Advantage MOOP: up to \$9,350 in-network / \$14,000 combined

Medigap Plan G premium range: ~\$140–\$260/month (state and age dependent)

**Printable Medicare Enrollment Checklist**

---

- Confirmed 65th birthday month and Initial Enrollment Period window
- Decided whether to take Part B now or delay (verified creditable coverage if delaying)
- Listed all current doctors and confirmed Medicare acceptance
- Listed all current prescriptions with dosage + pharmacy
- Chose path: Original + Medigap + Part D OR Medicare Advantage
- If Medigap: compared Plan G premiums across at least 3 carriers
- If Advantage: confirmed all doctors in-network and all drugs on formulary
- Estimated 2-year-ahead MAGI to anticipate IRMAA
- Set calendar reminder for AEP (Oct 15 – Dec 7) every year
- Saved AZIRS contact info for annual plan review

**Glossary — Medicare Terms Decoded**

---

AEP — Annual Enrollment Period. Oct 15 to Dec 7 each year.

IEP — Initial Enrollment Period. The 7 months around your 65th birthday.

SEP — Special Enrollment Period. Triggered by qualifying events (losing employer coverage, moving, etc.).

MOOP — Maximum Out-of-Pocket. The annual cap on what you'll pay under Advantage.

Creditable Coverage — Drug coverage that is at least as good as Medicare Part D. Required to avoid the Part D late-enrollment penalty.

Formulary — The list of drugs a Part D or Advantage plan covers.

Medigap — A standardized supplement that fills gaps in Original Medicare.

MAGI — Modified Adjusted Gross Income. Used by Medicare to determine IRMAA.

QCD — Qualified Charitable Distribution. A direct IRA-to-charity transfer that doesn't count as taxable income.

Benefit Period — For Part A hospital: starts on admission, ends 60 days after discharge. You can have more than one per year.

Medicare is the most consequential insurance decision of your retirement — and it's decided in a 7-month window that most people navigate only once.

AZIRS is contracted with every major Medicare carrier. Our service is free — carriers pay us a standardized amount whether you pick their plan or a competitor's. That means there's zero incentive for us to recommend anything other than what actually fits your doctors, drugs, and budget.

Visit [azirs.com/schedule](https://azirs.com/schedule) or call the number on the back cover to book a free Medicare review.