



Medicare: What to know before you enroll

A simple guide to understanding your Medicare options and enrollment steps

Medicare coverage*



PART A (Hospital Insurance)

- Inpatient care in hospitals.
- Medical care in a skilled nursing facility (not custodial care).
- Hospice care.
- Certain home health care expenses.
- Premium-free for most people.



PART B (Medical Insurance)

- Medically necessary services (such as doctors and labs) to diagnose and treat conditions.
- Outpatient care.
- Certain home health care expenses.
- Durable medical equipment.
- Many preventive services.
- Premiums can be deducted from Social Security benefits.



PART C (Medicare Advantage)

- Offered by private companies approved by Medicare. Medicare pays the companies to cover your Medicare benefits, thereby providing a way to reduce out-of-pocket expenses; plans must cover all the services that original Medicare (Parts A and B) covers.
- Available as a HMO or PPO; both have provider networks and PPOs let you see out-of-network providers, which may result in higher coinsurance or copayments.
- Most offer extra coverages, like vision, hearing, and dental.
- Usually includes Medicare prescription drug coverage (Part D).
- Plans have a yearly limit on out-of-pocket costs.
- Cannot have Medigap with Medicare Advantage.



PART D (Prescription Drug Coverage)

- Helps cover the cost of prescription drugs.
- Run by private insurance companies following Medicare rules.
- May help lower prescription drug costs.
- Participants can enroll in or leave the plan each year. (Individuals should review the insurance company's drug formulary since coverage can change each year.) Coverage is not government mandated, so it can differ between carriers.



Medicare Supplemental Insurance (Medigap)

- Extra insurance you can buy from a private insurance company to help pay your share of out-of-pocket costs, like copays, coinsurance, and deductibles.
- All Medigap policies are standardized, meaning all policies with the same letter offer the same basic benefit, with the insurance company and monthly premium being the only difference.
- Must have Medicare Parts A and B to enroll.
- Medigap policies sold after 2005 don't include prescription drug coverage; if you want drug coverage, you can join a separate Medicare drug plan (Part D).
- Best time to buy Medigap is within six months of when you first get Part A and Part B; insurability is not guaranteed after the initial enrollment period, or you may have to pay more.

Common Items Not Covered Under Medicare

- Most dental care and dentures.
- Eye examinations for glasses.
- Hearing aids.
- Long-term care, also called custodial care. Help with daily activities such as bathing and dressing are not considered medical care.

Health Savings Account (HSA) and Medicare

- HSA funds can be used tax-free for Medicare premiums and out-of-pocket costs (but not for Medigap premiums).
- You cannot contribute to an HSA when covered by Medicare.

* Refer to Medicare.gov for more information and a complete list of coverage. In general, Medicare coverage is not unlimited, and there are typically copayments and deductibles that can vary by plan.

Enrollment steps for Medicare

- STEP 1:** Decide how you want to get your Medicare health coverage—through Original Medicare or Medicare Advantage.
- STEP 2:** Decide if you want prescription drug coverage (Part D).
- STEP 3:** Decide if you want supplemental coverage (Medigap), which is only available with original Medicare.

Medicare Options

**Option 1:
Original Medicare**
This includes Part A and Part B

**PART A**
Hospital Insurance

+

**PART B**
Medical Insurance

**You can add:
PART D**
Prescription Drug Coverage

**You can also add:**
Medicare Supplemental Insurance (Medigap)

**Option 2:
Medicare Advantage or Part C**
These plans are like HMOs or PPOs

**PART C**
Medicare Advantage HMO or PPO

=

**PART A**
Hospital Insurance

+

**PART B**
Medical Insurance

**And usually has:
PART D**
Prescription Drug Coverage

When to enroll in Medicare

It's important to enroll for Medicare coverage during your initial enrollment period in order to avoid paying late enrollment penalties. If you are already receiving Social Security benefits at least four months before your 65th birthday, you will be automatically enrolled in Medicare starting the first day of the month you turn 65.

■ **Initial enrollment period**

Enroll anytime from three months before through the three months after the month you turn 65.

- **Annual open enrollment period (October 15 to December 7)***

Medicare plan enrollees can:

– Switch to/from:

- Original Medicare to Medicare Advantage.
 - One Medicare Advantage plan to another that does/does not offer drug coverage.
 - One Medicare drug plan to another.

– Join/drop a Medicare prescription drug plan.

* No changes to Medigap coverage can be made during this time.

- **General enrollment period (January 1 to March 31)**

If you didn't sign up during your initial enrollment period, you can sign up between January 1-March 31 each year. Your coverage starts the month after you sign up. You may pay a monthly late enrollment penalty if you don't qualify for a special enrollment period.**
- **Special enrollment period after age 65****

If you didn't sign up for Medicare Part B at 65 because of coverage under your current employer's (greater than 20 employees) health plan (or your spouse's), then sign up:

– Anytime you're still covered by the group health plan.

or

– Up to eight months after the employment or coverage ends, whichever happens first.
- **Exception to late-enrollment penalties are specific to Medicare Part B. COBRA coverage, retiree health plans, and individual health coverage (such as through the Health Insurance Marketplace) aren't considered coverage based on current employment.
- This material is provided for general and educational purposes only and is not intended to provide legal, tax, or investment advice. This material does not provide recommendations concerning investments, investment strategies, or account types; and is not intended to suggest that any particular investment action is appropriate for you. Please consider your own circumstances before making an investment decision.

© 2026 T. Rowe Price. All Rights Reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, the Bighorn Sheep design, and related indicators (see troweprice.com/ip) are trademarks of T. Rowe Price Group, Inc. All other trademarks are the property of their respective owners.

T. Rowe Price Investment Services, Inc.
- CCON0246926
202604-5370164