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Medicare and Medicare Supplement Insurance

Medicare can be quite complex and cumbersome to navigate. There are Medicare Parts A, B, C and D. There are similar sounding (but very different) Medicare Supplement plans A-N (some of which are no longer available because they've been retired by the feds). Oh, and let's not forget about other basic health insurance concepts that also apply to Medicare like premiums and deductibles and co-pays and networks. Add all of that overwhelming information to the emotional turmoil one can experience when dealing with an adverse health condition (not to mention the challenges of scheduling a doctor visit or reaching a human being in the Medicare bureaucracy), and it's no wonder people throw their hands up in despair and curse Uncle Sam!

It's with this backdrop that I've once again written my annual Medicare article. I fully acknowledge this brief piece is an oversimplification of an incredibly complicated (albeit generous) government program, but it's my hope that it will make this insurance program that is vital for so many seniors and certain disabled individuals a little less intimidating and a little bit easier to understand and navigate.¹

What is Medicare?

Medicare is the federal health insurance program for people who are: (a) age 65 or older; (b) under age 65 with certain disabilities; and (c) any age with end-stage renal disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant). According to the Centers for Medicare & Medicaid Services (CMS), the government agency that runs these programs, approximately 69.0 million Americans were enrolled in Medicare in June 2025. That number pencils out to about 20% of the entire U.S. population.



Medicare

¹ Much of the information in this article has been reproduced from the official Medicare guide that is published by the government agency known as the Centers for Medicare & Medicaid Services (CMS). That publication is entitled *Medicare & You 2026 – The official U.S. government Medicare handbook*, and it can be accessed at medicare.gov/publications/10050-Medicare-and-You.pdf. I have freely used information I found on the CMS website as well as information on the KFF.org website. KFF is a nonprofit health policy research, polling, and news organization.

Of the 69 million Medicare enrollee figure, about 33.6 million (48.8%) are enrolled in original Medicare, and 35.3 million (51.2%) are enrolled in a Medicare Advantage plan (a huge increase since 2007 when just 19% of Medicare enrollees were enrolled in a Medicare Advantage plan). Nearly all participating enrollees (62.1 million or 90.0%) are eligible for Medicare because they have reached the qualifying age, while 6.9 million (10%) are eligible because they suffer from ESRD. In addition to Medicare's medical plans, nearly 56 million Americans (81.0%) are enrolled in plans that offer Medicare Part D prescription drug coverage.²

BTW, when working with Medicare, I suggest you pay special attention to the subtle but important distinction between the two words "part" and "plan." As explained below in greater detail, the word "part" is generally used to distinguish between the four components of Medicare (Parts A, B, C and D), while the word "plan" is used to differentiate the types of Medigap insurance policies (Plans A-N) that provide benefits that supplement Medicare coverage.

Medicare Part A

(Hospital Insurance) – This part of Medicare helps cover inpatient hospital care, skilled nursing facilities, hospice and home health care. When Medicare Part A is paired with Medicare Part B, the combined coverage is known as "Original Medicare." This is in contrast to Medicare Advantage (Part C) plans that are health insurance plans offered by private insurance companies in place of Original Medicare (*see below*). Those who are insured under Medicare Part A usually aren't required to pay a monthly premium for that coverage, but they are responsible to pay an annual deductible (\$1,736 in 2026) or copayments and coinsurance for covered services. Medicare Supplement policies can be purchased to cover many of those out-of-pocket costs (*see below*).



Medicare Part B

(Doctor and other Medical Insurance)

– This part of Medicare helps cover services from doctors and other health care providers, hospital outpatient care, durable medical equipment, and home health care. It also covers many preventive services, screenings and immunizations. It does not, however, include coverage for prescription drugs which are covered under Medicare Part D (*see below*). Part B requires the insured to pay a premium (\$202.90 in 2026), but individuals with higher adjusted gross income or those who don't enroll when they are first eligible (unless they maintained other coverage at the time) may be charged more. Similar to Part A coverage, Medicare Part B has an annual deductible (\$283 in 2026), coinsurance and copayments, but those things are generally covered if you have a Medigap policy.



² See, (<https://data.cms.gov/summary-statistics-on-beneficiary-enrollment/medicare-and-medicaid-reports/medicare-monthly-enrollment>).

Medicare Advantage

(Part C)

– Medicare Part C is an alternative to Original Medicare that replaces Medicare Parts A and B (which must still be activated and in effect). Medicare Advantage plans are run by private health insurance companies rather than by the federal government, and they include all benefits and services covered under Original Medicare [and usually coverage for prescriptions drugs (Part D)]. These plans often include a few "throw-in" benefits and services at no additional cost (e.g., fitness center access, dental care, eyeglasses and wellness programs); however, in exchange for the low premium and additional benefits that often accompany these plans, participants must generally accept more restrictive provider access and limited travel coverage. It is also important to note that Medicare Advantage plans often require members to choose a primary care doctor, they usually require referrals to see a specialist, they exclude out-of-network coverage (except for emergencies), and they have very restrictive (and often intrusive) medical management provisions and restrictive enrollment (and disenrollment) requirements.



Medicare Part D

(Prescription Drug Coverage)

– This part of Medicare is run by Medicare-approved private insurance companies, and it helps cover the cost of outpatient prescription drugs and vaccines. Most Medicare prescription drug plans charge a nominal monthly premium (which like Part B, is subject to a surcharge for higher income individuals), and many only pay for certain drugs that are on the plan's predetermined list of covered drugs or "formulary list." These plans may have different coverage tiers that can vary significantly:



(1) the annual deductible

(anywhere from \$0-\$615 in 2026) during which time you pay the full cost of certain drugs;

(2) the initial coverage

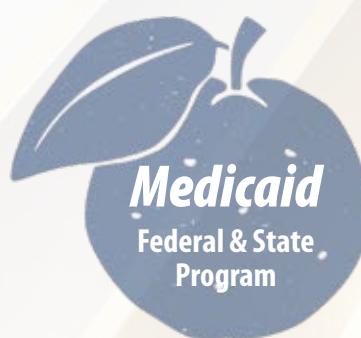
stage during which time you pay a basic copayment or coinsurance amount (e.g., \$10 or 25%); and

(3) the catastrophic coverage

stage once you've spent \$2,100 (in 2026) in out-of-pocket costs (which includes the Part D deductible), after which time you will pay nothing.

It is important to note that while Medicare drug coverage is optional, anyone who doesn't sign up for Part D coverage when first eligible is subject to a monthly late enrollment penalty of 1% of the national base premium amount times each month of delay. In 2026, that penalty works out to a monthly surcharge of about \$5 multiplied by each year of delay. This may not seem like much, but it adds up — and it's monthly and it's permanent. Think of it as Medicare's version of a timeshare ... once you have it, you have it for life!

What's the difference between Medicare and Medicaid?



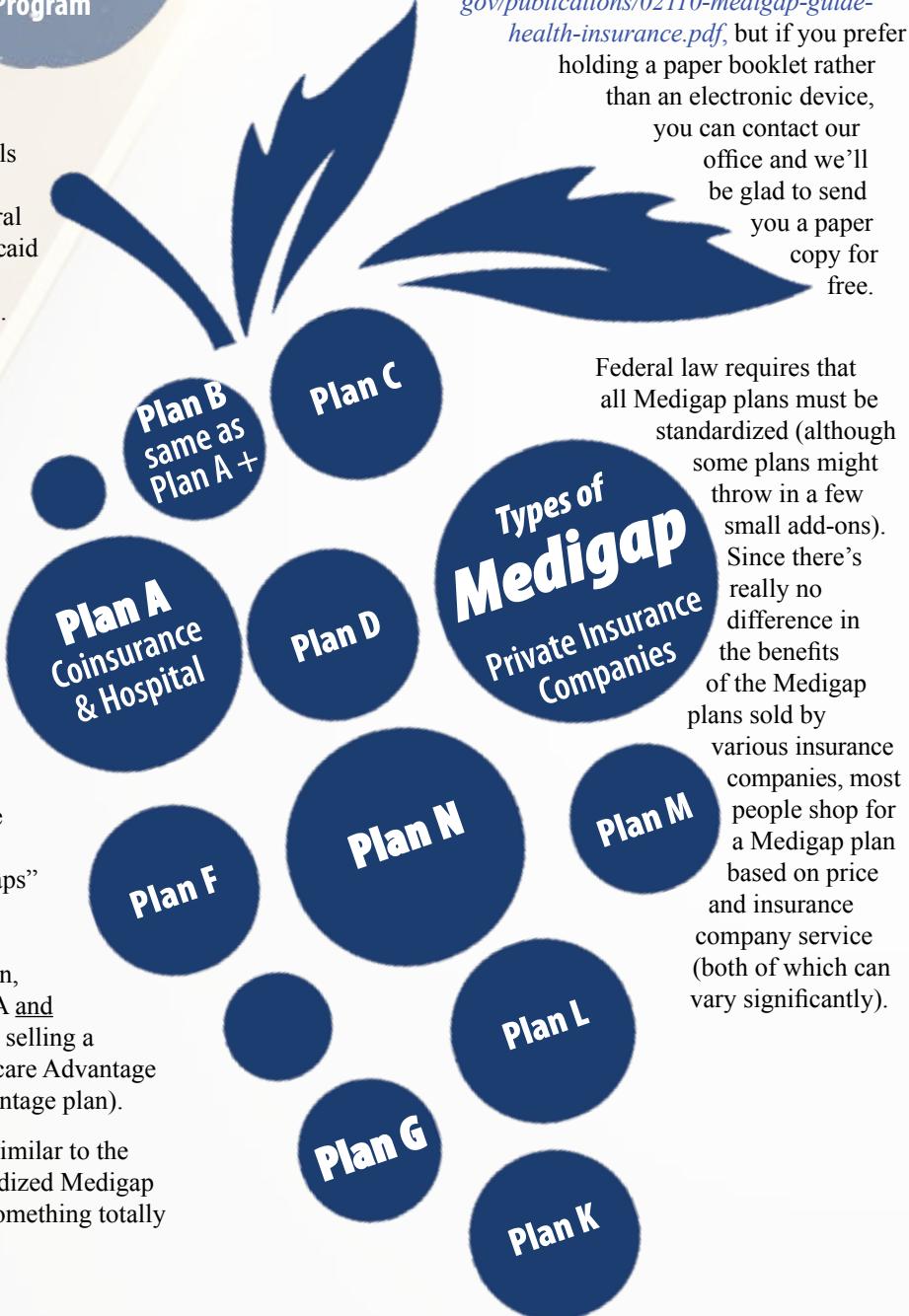
As discussed above, Medicare is the federal insurance program for certain disabled individuals and for the aged. In contrast, Medicaid is an insurance program that is run jointly by the federal government and various state governments. Medicaid provides long-term medical and custodial care coverage to low-income individuals and families.

What are Medicare Supplement (aka Medigap) insurance policies?

Medigap policies are health insurance policies that are sold by a private insurance company to supplement Original Medicare coverage. These Medicare Supplement insurance policies (several of which are offered by WMI) can help pay the enrollee's share or "fill in the gaps" of the costs of Medicare-covered services (e.g., coinsurance, copayments, or deductibles). In order to be eligible to purchase a Medigap plan, the applicant must be enrolled in Medicare Part A and Part B. Insurance companies are prohibited from selling a Medigap plan to an individual who is on a Medicare Advantage plan (unless that individual is dropping the Advantage plan).

Although the Medigap naming conventions are similar to the names of the various Medicare parts, the standardized Medigap plans and their alpha names (Plans A-N) mean something totally

different and should not be confused. The most basic Medigap plan (Plan A) covers the Medicare Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used). It also covers Medicare Part B coinsurance or copayment costs, the first three pints of blood, and the Part A hospice care coinsurance or copayment costs. The other Medigap plans all cover these same benefits that are covered by Plan A (most at 100%), but add varying levels of coverage for other things like skilled nursing facility care coinsurance, Medicare Part A deductible, Medicare Part B deductible, excess charges, and foreign travel emergency. Medicare publishes a Medicare Supplement guide called *Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare*. You can access the most recent version of this publication at medicare.gov/publications/02110-medigap-guide-health-insurance.pdf, but if you prefer holding a paper booklet rather than an electronic device, you can contact our office and we'll be glad to send you a paper copy for free.



What Medigap policies does WMI offer?



WMI offers Medigap Plans A, G and N
in Arizona, Montana and Utah. We're very proud of our Medigap rates and even more proud of our exceptional and personalized customer service. I invite you to visit our website at wmimedigap.com to see just how affordable our plans are.

WMI Mutual Insurance Company Medicare Supplement Plans					
Covered Benefits	Plan A	Plan C*	Plan F*	Plan G	Plan N
Part A coinsurance and hospital costs after Medicare benefit period (up to an additional 90 days)	Covered at 100%				
Part B coinsurance or copayment	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%	Insured Doctor/Medicare will cover 20% coinsurance
Skilled nursing facility care coinsurance	Covered at 100%				
Part A hospice care coinsurance or copayment	Covered at 100%				
Skilled nursing facility care coinsurance	Not Covered	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%
Part A respite	Not Covered	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%
Part B deductible	Not Covered	Covered at 100%	Covered at 100%	Not Covered	Not Covered
Part B excess charges	Not Covered	Not Covered	Covered at 100%	Covered at 100%	Not Covered
Foreign travel (up to plan limit)	Not Covered	Covered at 80%	Covered at 80%	Covered at 80%	Covered at 80%

<https://www.wmimutual.com/medigap>

How can I learn more about Medicare and Medigap insurance policies?

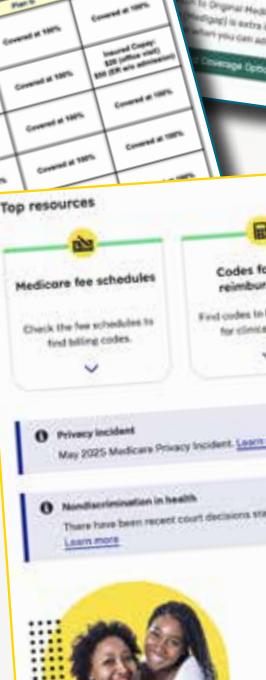
If you have questions about Medicare and Medigap policies, feel free to contact our office or me directly. We are also happy to provide you a free copy of the referenced CMS publication, and our wmimedigap.com website contains valuable information and helpful articles. Since the ultimate authority on Medicare is the federal government, I would encourage you to visit the Centers for Medicare & Medicaid Services website at cms.gov where you can find important information and resources. Finally, if you're looking for a Medigap plan or a Medicare Part D prescription drug plan, you can take advantage of CMS's helpful and user-friendly Medicare plan finder at medicare.gov/plan-compare.

A screenshot of a web page titled 'Medicare Health Insurance Comparison'. The page features a large image of three women in a social setting. A call-to-action button 'Get Started' is prominent. The page includes sections for 'Explore your Medicare coverage options' and 'Find Medicare health & drug plans'. A sidebar on the left provides tips for saving time by logging in and offers a 'Get Started' button. The overall layout is clean and user-friendly.

<https://www.wmimutual.com/medigap>



<https://www.cms.gov/>



If you have questions about Medicare and Medigap policies or would like a free copy of the federal government's Medicare handbook, please visit our website at wmimedigap.com or contact our office at (801) 263-8000.