

How Do I Prepare for Medicare

By Thomas Nguyen | True North Financial Group

A California guide to coverage choices enrollment and retirement budgeting

Prepare for Medicare by making three decisions before your current coverage ends: when Parts A and B should start, how you will receive medical and prescription coverage, and how you will pay premiums and out-of-pocket costs. Coordinate those decisions with your employer benefits, Social Security plans and any Health Savings Account. A little preparation can prevent an expensive gap or a missed enrollment right.

My starting point is your calendar and your healthcare needs. Turning 65 does not mean everyone should choose the same plan or enroll in every part on the same date. Someone retiring at 65 may follow a different path from someone covered by a spouse's active employer plan. Confirm your own eligibility and start dates with Social Security and Medicare.

Understand the parts before comparing plans

Part A is hospital insurance, covering qualifying inpatient care and certain other services. Part B covers physician and outpatient services, preventive care and other medically necessary services. Original Medicare consists of A and B. Part D covers prescription drugs through approved private plans. Part C, called Medicare Advantage, is a private-plan way to receive your A and B benefits, usually with drug coverage included. [1]

Decision	Original Medicare route	Medicare Advantage route
Medical coverage	Parts A and B; generally any US provider accepting Medicare.	Approved private plan providing A and B benefits; network rules often apply.
Drug coverage	Usually add a separate Part D plan.	Usually included; verify the specific plan.
Supplement	May add Medigap to help with covered cost sharing.	Medigap cannot pay Medicare Advantage cost sharing.

Annual medical exposure	No annual A/B out-of-pocket cap without supplemental coverage.	Annual limit for covered A/B medical services; drugs and premiums are separate.

Medigap is Medicare Supplement Insurance, not another Medicare part. It works with Original Medicare. Standardized plan letters describe different benefits; premiums and service can differ among insurers. Medicare Advantage may include extra benefits, but those benefits do not replace checking doctors, hospitals, drugs and medical cost sharing. Neither route is universally best. [1, 4]

Collect the information you will need

List your doctors, preferred hospitals, prescriptions with doses, pharmacies and travel patterns. Gather employer coverage notices, your expected retirement date and any HSA contribution records. Include coverage for a younger spouse or dependent; your Medicare enrollment does not automatically provide insurance for them.

Put the enrollment windows on your calendar

For most people first eligible at 65, the Initial Enrollment Period lasts seven months: three months before the birthday month, that month and three months after. Birthdays on the first of a month have special timing. Some people are enrolled automatically through Social Security; others must apply. Verify enrollment rather than assuming a card will arrive. [2, 3]

Example one retiring at age 65

Assume a California resident turns 65 on November 15, 2026 and wants Medicare to start November 1 as employer coverage ends October 31. Their usual initial window is August 1, 2026 through February 28, 2027. Applying for Part B during August, September or October generally supports a November 1 start. Applying in November or later generally delays Part B until the next month. [3]



Figure 1 Hypothetical seven-month initial enrollment window for a November 15, 2026 birthday. The full window is not a promise of coverage back to the birthday month. Coordinate actual approval and health/drug-plan effective dates. [3]

Select the coverage route and coordinate Part D, Medigap or Medicare Advantage dates with A and B. Keep existing insurance until the transition is confirmed. If you delay Social Security benefits, you can still apply for Medicare separately; the retirement-benefit decision does not remove the Medicare enrollment deadline.

Do not confuse different kinds of open enrollment

The fall October 15–December 7 period is for Medicare health and drug coverage changes, generally effective January 1. In fall 2026, those choices concern 2027 coverage. It is not a substitute for enrolling in A and B when first eligible. Check the upcoming plan year's formulary, network and costs rather than using this guide's 2026 figures as 2027 quotes. [9]

Federal Medigap open enrollment is usually a one-time six-month period beginning the first month you are both 65 or older and enrolled in Part B. During it, health-related underwriting restrictions apply in your favor. Outside protected enrollment or guaranteed-issue rights, buying a policy may be harder or more expensive. The annual fall window does not automatically reopen your Medigap right. [4]

Understand penalties before delaying

Without an applicable exception, Part B can carry a 10% premium penalty for each full 12-month period of delay, generally for as long as you have Part B. Part D can carry a continuing penalty after a gap of 63 consecutive days or more without creditable drug coverage. Its calculation uses the national base beneficiary premium, not simply your plan premium. [5]

If you missed an initial deadline, ask about a Special Enrollment Period or the General Enrollment Period, January 1–March 31. Do not wait for the fall plan-change period. Keep written evidence of employer medical coverage and the separate annual notice confirming whether prescription coverage is creditable. [2, 5]

Coordinate employer coverage and your HSA

Working past 65 requires a coverage review, not just a birthday reminder. Ask the benefits administrator whether your coverage is based on current employment, who pays first and whether enrolling in Medicare changes benefits for you or your family. Employer size and plan structure matter. [2, 6]

Confirm whether a Part B delay is safe

For age-based Medicare eligibility, current-employment group coverage through an employer with 20 or more employees generally pays before Medicare and may support delaying Part B. With fewer than 20 employees, Medicare generally pays first, and the employer plan may not pay as expected without A and B. Confirm the rule for your actual plan, including multiemployer arrangements. [2]

Eligible current-employment coverage can provide a Part B Special Enrollment Period while working and for up to eight months after employment or that coverage ends, whichever happens first. COBRA and retiree insurance do not extend that current-employment clock. That medical enrollment period is not permission to leave prescription coverage unaddressed for eight months. [2, 6]

Example two working past age 65

Assume a 68-year-old has qualifying active employer coverage and retires November 30, 2026, when that coverage ends. They should arrange the transition before November 30 and confirm a December 1 Medicare start rather than wait until the special window expires. Ask SSA about the application and employer-verification documents and coordinate any drug or supplemental policy start dates. [2, 3]

Stop HSA contributions for Medicare-covered months

Once enrolled in any part of Medicare, you cannot make or receive HSA contributions for Medicare-covered months. Existing HSA money remains available for qualified expenses under the tax rules. Premium-free Part A enrollment after 65 can be backdated by up to six months, but not earlier than initial eligibility. This can make previously made contributions excess. [6, 7]

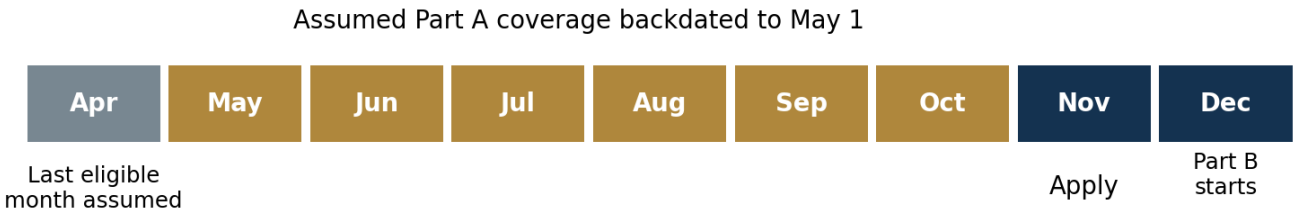


Figure 2 Conditional 2026 example: a person already 68 applies in November, receives Part A effective May 1 and Part B effective December 1. April is the last assumed HSA-eligible month. Confirm actual entitlement dates and annual contribution limits with SSA and a tax professional. [6, 7]

For that example, contributions attributable to May through December would not be permitted. Review both employee and employer contributions and prorate the allowable annual amount. This is why planning may need to begin six

months before applying for Medicare or Social Security after 65. Someone enrolling promptly at 65 has a different calendar; do not stop contributions six months early automatically without checking eligibility dates.

If you discover excess contributions, ask your HSA custodian and tax professional how and when to correct them. Medicare enrollment, payroll deductions and the tax return need to agree. Do not assume an employer's contribution system will stop automatically.

Compare access and build a realistic budget

Compare coverage using the care you expect and the care you might unexpectedly need. A low premium can coexist with substantial copayments. A higher premium can buy a different pattern of cost sharing, but does not make every service covered. Review a routine year and a serious-illness year before choosing.

Verify doctors prescriptions and travel needs

For Medicare Advantage, confirm the exact plan and county service area, network participation, referral rules, prior authorization and costs outside the network. Verify with both the plan and providers. For Original Medicare, confirm providers accept Medicare, then review the selected Medigap policy and drug plan. Frequent travel or care in multiple states can affect which arrangement is practical. [1]

Enter every prescription, dose and pharmacy in Medicare Plan Finder. Compare formularies, tiers, prior authorization, quantity limits and expected annual cost. In California, county and ZIP code can change available plans. Recheck each year; keeping the same insurer does not guarantee the same drug or doctor access. [9]

Use costs labeled for the correct year

For 2026, the standard Part B premium is $202.90 monthly and the annual Part B deductible is $283. Most people qualify for premium-free Part A, but its hospital deductible and other cost sharing still apply. The 2026 inpatient hospital deductible is $1,736 per benefit period, not per year. Higher-income beneficiaries may pay additional Part B and Part D amounts. These figures are not quotes for 2027. [8]



Figure 3 Illustrative annual premiums for one person using 2026 standard Part B ($202.90/month), hypothetical Medigap ($180/month) and hypothetical Part D ($35/month): $5,014.80 annually, or $417.90 monthly. Medigap and Part D figures are invented, not quotes; deductible and care costs are excluded.

For Part D in 2026, the annual out-of-pocket limit for covered Part D drugs is $2,100. It is separate from medical expenses and does not cap premiums or all noncovered drug spending. Medicare Advantage has its own medical spending limit; Original Medicare alone has no annual A/B spending limit. Medicare Advantage enrollees generally still pay the Part B premium; a $0 plan premium does not mean care is free. Review the actual plan documents. [10]

Include expenses Medicare may not cover

Budget for services outside your chosen coverage, such as much routine dental, vision or hearing care, and ongoing custodial long-term care. Extra Medicare Advantage benefits have limits and conditions. Neither a Part D cap nor a medical spending limit is a cap on every household healthcare expense. Preserve a reserve for uncovered costs.

Ask SSA whether a work stoppage or other qualifying life event supports reconsideration of an income-related premium adjustment. Separately, ask HICAP about Extra Help, Medicare Savings Programs and Medi-Cal eligibility if costs are difficult. Program rules differ, so do not assume income alone answers eligibility. [11]

Finish your California Medicare preparation plan

Start several months before 65, and earlier if you plan to work past 65 while contributing to an HSA. Decide your medical coverage start date, confirm how existing insurance coordinates and choose how to receive medical and drug benefits. Then verify the effective dates in writing before ending other coverage.

Keep a record of the decisions

Maintain your provider and medication list, employer verification, creditable drug-coverage notices, enrollment confirmations and premium budget. Record when to review coverage again. If you use an agent, ask which insurers and plans they represent; compare against the full Medicare Plan Finder results. Make sure your own doctors and medicines drive the decision.

Understand California Medigap protections

California's birthday rule generally gives existing Medigap policyholders a 60-day annual window starting on their birthday to move to a policy with equal or lesser benefits without health screening. It is not a general right for someone in Medicare Advantage to enter Medigap without underwriting. Confirm benefit comparisons, timing and any other guaranteed-issue right with HICAP before canceling a policy. [12]

California's Health Insurance Counseling and Advocacy Program, or HICAP, provides free, confidential Medicare counseling. It can help explain enrollment, coverage choices, appeals and assistance programs. Use it when a deadline or coverage conflict is unclear. Keep reviewing health and drug coverage each fall even after your initial transition is complete. [11]

A message from Thomas

At True North Financial Group, I encourage you to include healthcare costs in your retirement income plan. Bring your retirement date, coverage notices and budget to a conversation about your insurance needs. For Medicare plan selection, work with an appropriately qualified Medicare professional or HICAP, and coordinate HSA and tax questions with your tax professional. The goal is a transition with clear dates and a workable budget.

Sources and important information

[1] Medicare, Your Coverage Options. medicare.gov/basics/get-started-with-medicare/get-more-coverage/your-coverage-options

[2] Medicare, When Can I Sign Up. medicare.gov/basics/get-started-with-medicare/sign-up/when-can-i-sign-up-for-medicare

[3] Medicare, When Does Coverage Start. medicare.gov/basics/get-started-with-medicare/sign-up/when-does-medicare-coverage-start

[4] Medicare, Medigap Enrollment. medicare.gov/health-drug-plans/medigap/ready-to-buy

[5] Medicare, Avoid Penalties. medicare.gov/basics/costs/medicare-costs/avoid-penalties

[6] Medicare, Working Past 65. medicare.gov/basics/get-started-with-medicare/medicare-basics/working-past-65

[7] IRS, Publication 969. irs.gov/publications/p969

[8] CMS, 2026 Parts A and B Costs. cms.gov/newsroom/fact-sheets/2026-medicare-parts-b-premiums-deductibles

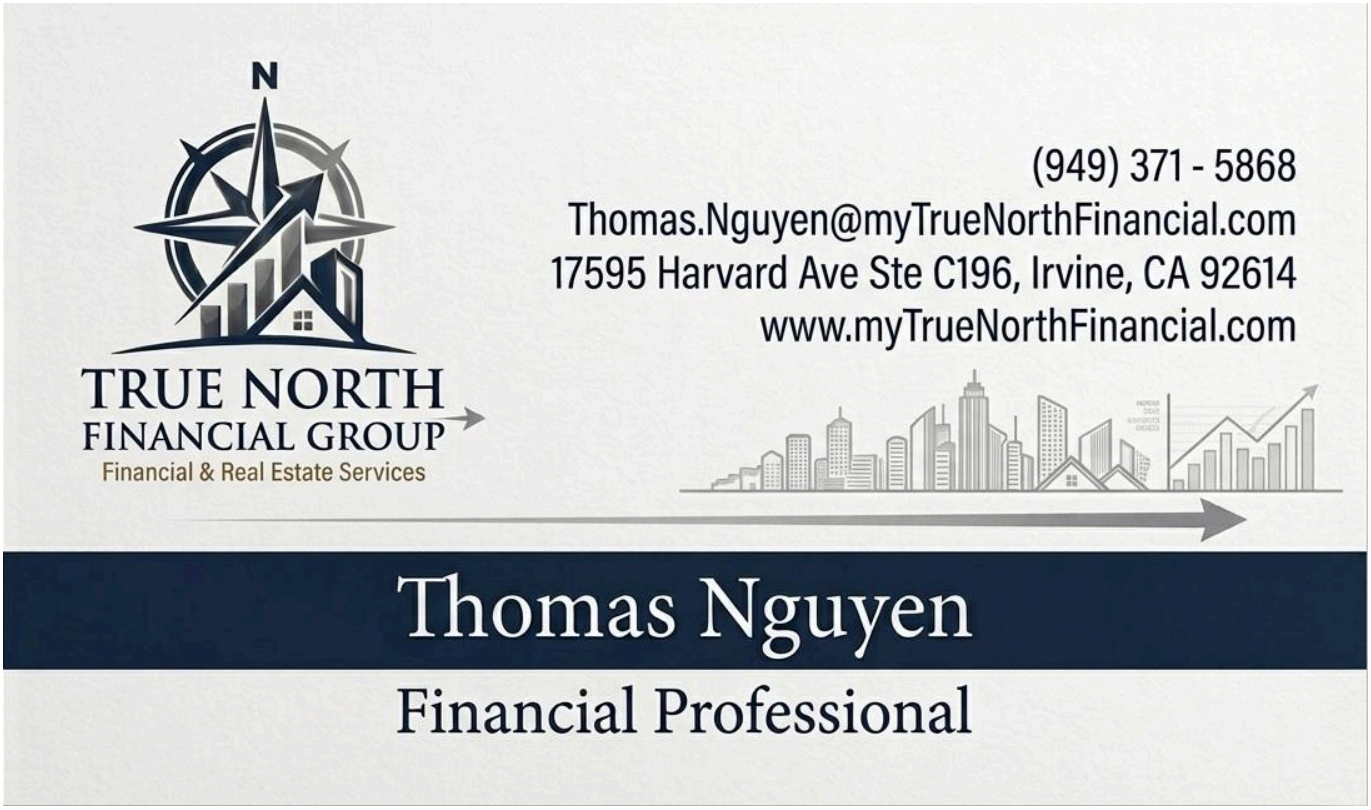
[9] Medicare, Open Enrollment. medicare.gov/health-drug-plans/open-enrollment

[10] Medicare, Costs. medicare.gov/basics/costs/medicare-costs

[11] California Department of Aging, HICAP. aging.ca.gov/Programs_and_Services/Medicare_Counseling/

[12] California Health Advocates, California's Birthday Rule, March 2025. cahealthadvocates.org/wp-content/uploads/2025/03/Californias-Birthday-Rule-Replacement-Medigap-Plans-03-18-2025.pdf

Sources checked October 21, 2026. Cost figures labeled 2026 are not 2027 quotes. General education, not individualized Medicare enrollment, tax, legal or investment advice. Examples are hypothetical; confirm eligibility, effective dates and current plan terms with SSA, Medicare and qualified professionals. Prepared for Thomas Nguyen and True North Financial Group; no Morgan Stanley or government affiliation or endorsement is claimed.


N
TRUE NORTH
FINANCIAL GROUP
Financial & Real Estate Services
(949) 371 - 5868
Thomas.Nguyen@myTrueNorthFinancial.com
17595 Harvard Ave Ste C196, Irvine, CA 92614
www.myTrueNorthFinancial.com
Thomas Nguyen
Financial Professional