



The Safety Net: Mastering Medicare & Medicaid for 2026

When you approach age 65, you aren't just thinking about retirement parties—you're entering into one of the most significant "contracts" of your financial life. While news headlines often focus on the political debates surrounding Medicare and Medicaid, it is far more important to understand the actual mechanics of these programs. Knowing the rules can help you protect your retirement plan from rising premiums and complex eligibility requirements.

The Basics of Medicare

Medicare is the federal health insurance program primarily for people 65 or older, as well as those with specific disabilities like ALS or End-Stage Renal Disease.

A common misconception is that enrollment is always automatic. If you are already receiving Social Security benefits at least four months before turning 65, you will be automatically enrolled in Part A and Part B. However, if you are delaying Social Security to wait for a higher benefit check at age 67 or 70, **Medicare does not start automatically**. You must manually sign up through the Social Security website; missing this window can lead to lifetime late-enrollment penalties.

Breaking Down the "Alphabet Soup"

Original Medicare consists of two primary parts, and for 2026, the costs associated with them have risen.

- **Part A (Hospital Insurance):** This covers inpatient hospital stays. While usually "premium-free" if you paid payroll taxes for at least 10 years, it is not free to use. In 2026, the deductible for a hospital stay is **\$1,736**.
- **Part B (Medical Insurance):** This covers doctor visits, outpatient care, and durable medical equipment. For 2026, the standard monthly premium is **\$202.90**, with an annual deductible of **\$283**.

Crucially, after meeting the deductible, Medicare Part B typically only covers 80% of costs, leaving you responsible for the remaining 20%. This "gap" is why many retirees choose to purchase a Medicare Supplement (Medigap) or a Medicare Advantage plan.

The Impact of IRMAA

Not everyone pays the standard \$202.90 for Part B. About 8% of retirees pay more due to the **Income-Related Monthly Adjustment Amount (IRMAA)**. This surcharge is based on your income from two years prior. For 2026, if your 2024 modified adjusted gross income was over **\$109,000** for individuals or **\$218,000** for couples, your premiums will increase. At the highest 2026 bracket, a single person could pay as much as **\$689.90 per month** for Part B.

The Medicaid Safety Net

While Medicare is an age-based entitlement, Medicaid is a safety net based on financial need. In 2026, it is particularly relevant for seniors in two areas:

1. **Dual Eligibility:** For those with very low income and assets, Medicaid can act as a "supplement," paying for Part B premiums, deductibles, and the 20% coinsurance gap.
2. **Long-Term Care:** Medicare does **not** pay for long-term nursing home stays beyond short-term rehab (up to 100 days). Permanent care must be paid for out-of-pocket—often exceeding \$10,000 a month—unless you qualify for Medicaid.

Qualifying through "Spend Down"

To qualify for Medicaid for long-term care, you must generally meet strict asset limits. In many states for 2026, an unmarried individual can have no more than **\$2,000 in countable assets**.

While you can often keep your home (up to equity limits typically between \$752,000 and \$1.1 million) and one car, other savings must be "spent down" on care before Medicaid begins. Be aware of the **5-year look-back rule**, which prevents you from simply giving away assets immediately before applying. For married couples, "Spousal Impoverishment" rules allow the spouse staying at home to keep a larger portion of assets and income to prevent them from becoming destitute.

2026 Updates to Part D and Part C

Part D (Prescription Drugs) is seeing historic changes in 2026 thanks to the Inflation Reduction Act. For the first time, there is a **\$2,100 hard cap** on annual out-of-pocket costs for covered drugs. Once you hit this limit, you pay \$0 for covered prescriptions for the rest of the year.

Part C (Medicare Advantage) remains a popular "all-in-one" alternative to Original Medicare, often including "extras" like dental or vision. However, these plans typically require you to stay within a network of doctors and may require "prior authorization" for certain procedures.

2026 Resource Tables

Medicare Cost Quick Reference (2026)

Category	2026 Cost	Notes
Part B Standard Premium	\$202.90 / mo	Based on 2024 income.
Part B Annual Deductible	\$283	Paid before coverage begins.
Part A Hospital Deductible	\$1,736	Per benefit period.
Part D Out-of-Pocket Cap	\$2,100	Historic new limit for 2026.

2026 IRMAA Surcharges (Based on 2024 Income)

Individual Income	Joint Income	Total Part B Premium	Part D Surcharge
≤ \$109,000	≤ \$218,000	\$202.90	+\$0.00
\$109,001 – \$137,000	\$218,001 – \$274,000	\$284.10	+\$14.50
\$137,001 – \$171,000	\$274,001 – \$342,000	\$405.80	+\$37.50
\$171,001 – \$205,000	\$342,001 – \$410,000	\$527.50	+\$60.40
\$205,001 – \$499,999	\$410,001 – \$749,999	\$649.20	+\$83.30
≥ \$500,000	≥ \$750,000	\$689.90	+\$91.00

(Source: CMS.gov 2026)

Wisconsin Medicaid Limits (2026)

- **Individual Asset Limit:** \$2,000.
- **Community Spouse Asset Share (CSAS):** Up to **\$162,660** (can keep half of total assets, with a minimum of \$32,532).
- **Monthly Income Limit (Long-Term Care):** \$2,982.
- **Personal Needs Allowance (Nursing Home):** \$55.

Disclaimer: This article was written by Craig J. Klaas and organized with the assistance of generative AI. While AI assisted in the formatting and structuring of this content, all financial data, 2026 Medicare figures, and professional insights have been reviewed and verified for accuracy by Craig J. Klaas to ensure they meet our standards of expertise and trustworthiness.