

# ***What to Know About the Nearly 10% Climb in a Key Medicare Expense for 2026***

The rapidly rising premium for Part B, which covers retirees' outpatient services, reflects the fast pace of growth for health care costs nationally.



Next year is the first time the standard premium for Medicare Part B will exceed \$200 a month. Credit... Taylor Glascock for **The New York Times**

**By Mark Miller - The New York Times**

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If you're enrolled in Medicare, you know that the cost has been hitting your wallet harder lately.

But the program's rapidly rising premiums and out-of-pocket charges came into sharp relief in late November when Medicare officials announced that the standard Part B premium, which covers services such as physician visits and hospital outpatient care, will be \$202.90 a month — up 9.7 percent. Next year is the first time the monthly premium will exceed \$200 — and it will be 66 percent higher than a decade ago.

The annual Part B deductible will also climb, to \$283, up 70.5 percent over the past 10 years.

The Part B premium is just one component of senior health spending, but it's a closely watched number for many, because typically it is deducted from retirees' Social Security checks.

The net annual cost-of-living, or COLA, increase in Social Security benefits depends on the dollar amount of the Part B premium increase. Next year, the Part B rise will consume a substantial portion of the [2.8 percent Social Security COLA](#) announced last month. The average retired worker receives \$2,008 per month; the premium increase, \$17.90, will reduce that worker's effective COLA to 1.9 percent. For a lower-income beneficiary receiving \$1,000 per month, the effective COLA is just 1 percent.

“Many people will not receive the COLA they might be anticipating, because the premium eats part of it,” said Tricia Neuman, senior vice president of KFF, a health care research nonprofit.

Earlier, Medicare trustees forecast an 11.6 percent Part B increase. Medicare's announcement said a [crackdown on expensive bandages](#) made from “skin substitutes” had prevented an \$11 larger premium jump.

Medicare sets Part B premiums to cover roughly 25 percent of projected program costs, so premiums rise alongside overall program spending.

## Why the big jump?

The new numbers reflect general increases in the cost of health care. National health expenditures rose about 8 percent in 2024, [federal data shows](#), and are expected to outpace gross domestic product growth over the coming decade. Another cause for the rising Part B costs is a shift in health care delivery from hospitals to outpatient settings. More care and medications are being delivered in these settings, Dr. Neuman said.

The growth of Medicare Advantage plans — which now account for [more than half of total enrollment](#) — plays a role as well. These privately offered alternatives to government-run traditional Medicare often reduce upfront costs by including prescription drug coverage. They also include out-of-pocket caps ([\\$5,320 this year](#)) without the Medigap policies that provide that protection in traditional Medicare. That comes with trade-offs, including health care provider networks and frequent red-tape hassles with coverage approvals, known as [prior authorizations](#).

Medicare spends about [\\$80 billion more annually](#) for Medicare Advantage enrollees than it would if they were enrolled in traditional Medicare, leading to higher spending for both Part A (which covers hospitalization) and Part B.

“The higher spending contributes to higher Part B premiums that are paid by beneficiaries in both traditional Medicare and Medicare Advantage,” Dr. Neuman said.

Lower-income seniors feel the burden of rising Medicare costs most. Over seven million beneficiaries, more than 10 percent, spent at least 10 percent of their annual income on Part B premiums in 2024, [according to KFF](#), not including other out-of-pocket costs such as dental or long-term care.

Federal programs can help. [Medicare Savings Programs](#) cover premiums and out-of-pocket costs for low-income seniors and automatically enroll them in the Low Income Subsidy program for Part D prescription drugs. Yet only about 60 percent of eligible seniors participate, often because they are unaware of the programs or find enrollment complex.

Wealthier seniors face the additional expense of surcharges through the [Income-Related Monthly Adjustment Amounts](#), known as IRMAA. The income levels that trigger the surcharges are calculated from the modified adjusted gross income on your tax return. Next year, IRMAA charges begin for single filers with modified adjusted gross income above \$109,000 and joint filers above \$218,000 — they will pay an extra \$81.20 per month, with smaller IRMAA charges added to Part D premiums. There are four additional brackets for seniors with even higher incomes.

These surcharges are based on tax returns from two years prior, but Social Security will recalculate for qualifying “life-changing events,” including retirement.

“If your income was \$250,000 a year and now it’s going to be less than \$100,000, that’s a lot of money you can save just by filing a two-page form,” said Dr. Carolyn McClanahan, a physician and certified financial planner in Jacksonville, Fla. To file an appeal, use [Form SSA 44](#).

Some studies try to project the total cost of health care in retirement. Fidelity Investments, for example, [reported this year](#) that a 65-year-old retiree with an average life span can expect to spend an average of \$172,500 in health care expenses throughout retirement.

But Dr. McClanahan urges her clients to think about health care costs as part of an annual budgeting process that may change from year to year along with their health and medical needs. The projection should include insurance premiums, out-of-pocket expenses and any extras such as hearing, vision or dental services or an expected long-term-care need.

“Health care costs need to be planned for as a cash-flow item, just like anything else,” she said.