

So, if I Stop Working And My Health Benefits End, When Do I Have To Sign Up for Medicare, if I Haven't Already Done So to Avoid These Penalties?

You have an 8-month **special enrollment period** to sign up for Medicare. You begin counting these months in the month in which your employment health benefits end and count forward 8 months.

For example, if you stop working in October and your health benefit ended November 30 (thirty days later) your 8-month special enrollment period would run out on August 31 of the next year.

8

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Thinking About Retirement?

What You Need to Know About Medicare in Retirement

HEALTH BENEFITS ABCs

Phone: 301-933-6492

What You Need to Know About Medicare in Retirement

People have many questions about when to sign up for Medicare—should I sign up when I turn 65? After I stop working? When I sign up for Social Security retirement benefits? This brochure will help you answer many of these questions.

When Can I First Sign Up for Medicare?

You can sign up for Medicare at 65—regardless of when you become eligible for full Social Security benefits.

How Do I Sign Up?

At your local Social Security office.

If I Am Still Working at age 65, Can I Sign Up for Medicare?

Yes, you can sign up for Medicare even if you continue to work and whether or not you have employment health benefits.

If I Have Employment Health Benefits and Plan To Continue to Work, Do I Have to Sign Up for Medicare? Can I Just Put It Off?

Yes, as long as you do not apply for your Social Security retirement benefits, you don't have to sign up for Medicare. However, when you sign up

2

for Social Security Retirement benefits, you must sign up for Part A¹ of Medicare.

I Understand Part A Is Free, Why Wouldn't I Want to Sign Up?

You probably would want to sign up because you have more health insurance at no additional cost. But, signing up for Part A of Medicare may trigger your need to sign up for Medicare's Prescription Drug Program, called **Part D**.

How Can I Tell If I Have To Sign Up for Part D Too?

It depends on whether you have prescription drug benefits with your current employment health plan. If your prescription drug benefit with your current employment health benefit is *at least as good as* Medicare's Part D program, then you don't have to sign up for Part D.

Of course, if you don't have employment health insurance that

¹ Part A of Medicare is free to most people who have worked in Social Security-covered work and pays primarily for hospital and skilled nursing facility care.

3

provides a prescription drug benefit, you should sign up for Part A so you can also sign up for Part D.

How Do I Know If My Employment Prescription Drug Plan Is At Least As Good As the Part D program?

Most prescription drug benefits that you get from employment health insurance offer a benefit that is at least as good as the Medicare Part D benefit. But you should check with your employer's human resources office, or the administrator for your health plan who can give you this information.

If I Sign Up For Part A, Should I Also Sign Up For Part B?

Not necessarily. You have to pay a monthly premium for Part B so it will cost you to sign up. If you have employment health insurance and are happy with the coverage it provides, you do not need the extra expense of Part B. On the other hand, if you have a medical condition in which you have to pay a substantial amount of the cost, you may consider signing up for Part B to help pay some of these costs.

²Part B requires everyone who signs up to pay a monthly premium. In 2009, this premium was \$96.40. Part B pays for doctor's visits, lab tests and outpatient hospital care.

If I Sign Up for Medicare and Continue My Employment Health Plan, Which Insurance Pays First?

It depends on whether your employer has 20 or more full-time employees. If your employer has less than 20 employees, Medicare pays first before your employment health plan.³ Conversely, if your employer has 20 or more employees, your employment health plan pays first.

Can My Employer Require Me To Sign Up For Medicare?

No, BUT....An employer's health insurance plan may have a rule that allows the plan to pay only *as if* the plan is secondary to Medicare. This means that if you don't have Medicare, you would be required to pay most of the bill with your employment health insurance only paying deductibles and copayments and those services not covered by Medicare.

In short, if you work for a small employer—one with less than 20 full-time employees—be sure you know whether your employment plan requires that you sign up for Medicare. If it does, don't delay in signing up for

³ This is not true if you are under 65 and are enrolled in Medicare as a disabled individual or if you have end-stage renal disease

Medicare.

What If I Have Health Insurance Through My Spouse's Employment, Are These Rules the Same?

Yes, if you have current employment health insurance through your husband or wife, these rules are the same.

What If I Am No Longer Working But Have Retirement Health Benefits From My Former Employer, Do These Rules Apply?

No. First, retirement health benefits **always** pay second to Medicare. So you don't have to worry about the number of employees your former employer had or which insurance pays first or second—your retirement plan always pays second to Medicare.

Second, retirement health benefits for many individuals who are eligible to retire before 65 end once they become eligible for Medicare. Others are required to sign up for Medicare when they become 65 and the retirement benefit can be reduced to pay only after Medicare pays. Most likely, if you have retirement health benefits you must sign up for Medicare when you become eligible to do so.

Can I Sign Up For Part A and Reject Part B? Can I Later Change My Mind?

Yes, but you must sign a paper at the Social Security office indicating that you don't want Part B. And, yes, if you still have current employment health benefits, you can go back to the Social Security office at any time and sign up for Part B.

What If My Current Employment Health Benefits End and I Don't Go Back and Sign Up for the Other Parts of Medicare?

You may have to pay a penalty for not signing up, but the penalties vary depending on what you didn't sign up for. For example, if you fail to sign up for Part A, but it's free to you, you won't have to pay a penalty. For Part B, the penalty is 10% per year for each 12-month period you delay in signing up for Part B. And in Part D, the penalty is 1% *per month* of the base beneficiary premium amount⁴ for Part D prescription drug plans if you don't have equivalent prescription drug coverage. Once these penalties are assessed you will always pay this penalty in addition to the adjusted premium amount that you pay for Medicare.

⁴ The base beneficiary premium amount for Part D in 2010 is \$31.94. A 1% penalty would add \$3.19 to the Part D monthly premium you would pay if you delay signing up for Part D.