

EMPLOYMENT AND MEDICARE

Frequently Asked Questions



Q: I am 65 and plan to keep working for some time. I have health insurance from my employer. Do I have to sign up for Medicare Part B now?

Probably not. In most cases, for as long as you have group health insurance provided by an employer for whom you are still actively working for, you can delay enrolling in Part B. Part B covers doctors visits and other outpatient services and requires a monthly premium. When you eventually retire, or leave work, you'll be entitled to a special enrollment period of eight months to sign up for Part B without incurring a late penalty. This also applies to most people who are covered beyond age 65 by insurance from the employer of their actively working spouse.

Q: Should I still sign up for Medicare Part A?

With one BIG exception (see next question), there's no reason not to enroll in Part A. Part A covers hospital stays, and there are no premiums for Part A.

You can sign up for Part A during your initial Medicare enrollment period, which runs for seven months, starting three months before the month of your 65th birthday, the month of your 65th birthday and ending three months after your 65th birthday. You may contact Social Security, which handles Medicare enrollment, at 1-800-772-1213 to schedule an appointment for an interview, which can be done on the phone or at your local Social Security office. Or you can apply online at www.ssa.gov. You may be required to provide documents showing you have an employer group health plan through either your active employment or your spouses active employment.

Q: Will I get the same health benefits at work as I get now?

By law, people who continue to work beyond age 65 still must be offered the same health insurance benefits (for themselves and their dependents) as younger people working for the same employer. So your employer cannot require you to take Medicare when you turn 65 or offer you a different kind of insurance. For example, by paying the premiums for Medicare supplemental insurance or a Medicare Advantage plan, as an inducement to enroll in Medicare and drop your employer plan. However, this law (known as ERISA) applies only to employers with 20 or more workers. So if you work for a smaller business or organization, you may be required to enroll in Part B at age 65.

Q: What if my employer offers me COBRA or retiree health benefits?

It can be confusing, but different rules apply to Part B and Part D in either of these situations:

- Part B: You can delay Part B enrollment without penalty, only while you or your spouse is still actively working for the employer that provides your employer group health insurance. Neither COBRA nor Retiree Coverage is a reason, per the Social Security Administration, to delay enrollment in Part B. If you elect COBRA or Retiree Coverage, and are not actively employed, you may incur a late enrollment penalty, when you do enroll in Part B. You would not be eligible for a special enrollment period and would have to enroll during the general election period of January 1 through March 31st of each year. Your Part B coverage would then be effective on the following July 1st.
- Part D: As long as your COBRA or retiree drug coverage is creditable, you do not need to enroll in Part D until these benefits end, as explained above.

Q: I have health insurance from my employer in the form of a Health Savings Account. But I'm told I can't use it if I'm eligible for Medicare. Is this correct? If so, what can I do to keep this insurance if I continue working after age 65?

Health Savings Account (HSA) is a type of health insurance, which combines a high-deductible health plan with a tax-free health savings account to which the employee and the employer can contribute.

IRS rules say that you or your employer cannot continue to contribute to an HSA if you're entitled to Medicare. You can draw on funds already in the account but you cannot add to them. But it's important to know the difference in meaning between "eligible" and "entitled" as defined by the government:

Eligible for Medicare means that you've met the requirements to qualify for Medicare Part A hospital insurance, in other words, you or your spouse has enough Social Security work credits, but haven't yet applied.

Entitled to Medicare means that you're eligible, you've filed an application to receive Medicare Part A or have been approved automatically, and your name is already in the system, or that the application has been processed and you've been sent a Medicare card showing the date your coverage starts.

Enrolled in Medicare means that you've chosen to sign up for Part B, coverage of doctors' and outpatient services, or that you're one of the relatively few people who pay premiums to purchase Part A. Most people do not need to actively enroll in Part A because if they have sufficient work credits, they're automatically eligible and pay no premiums for it.

These definitions really matter if you have an HSA from your employer and you want to continue to use and contribute to it, after age 65, while you're still working. Here's how they apply to different circumstances:

- If you're eligible for Medicare, but have not filed an application for either Social Security retirement benefits or Medicare, you need do nothing. You can continue to contribute to your HSA after age 65 and postpone applying for Social Security and Medicare until you stop working. There is no penalty for this delay.
- If you're entitled to Medicare because you signed up for Part A at age 65 or later but have not yet applied for Social Security retirement benefits, you can withdraw your application for Part A. There are no penalties or repercussions and you are free to reapply for Part A at a future date.
- But, if you have applied for, or are receiving, Social Security benefits, which automatically entitles you to Part A, you cannot continue to contribute to your HSA. In these circumstances, the only way you could opt out of Part A is to pay back all the money you've received from Social Security, plus everything Medicare has spent on your medical claims. You must repay these amounts before your application to drop out of Part A can be processed. If you take this action, you are no longer entitled to Social Security or Medicare – but you can reapply for both at any time in the future.

PLEASE CONTACT SGIA MEDICARE CONSULTING FOR ADDITIONAL INFORMATION

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