

Medicare at Age 65

By Jacques Chambers

June 15, 2015

This column has written about Medicare fairly regularly, however, eligibility for Medicare has usually been focused on those who get it after collecting Social Security Disability benefits for 24 months.

Perhaps it would be appropriate now, with improved treatments and a cure for HCV, to look at the process of enrolling in Medicare when turning age 65. Unlike those on SSD who are enrolled automatically in Parts A & B of Medicare, people turning age 65 must actively choose whether or not to enroll in Medicare in addition to deciding which parts are appropriate for them.

This is especially important because *if you don't enroll in Medicare at the appropriate times penalty surcharges can be added to the premiums and they will last as long as you are on Medicare.*

For people who are already on Medicare due to disability, you are entitled to the same enrollment opportunities at age 65 as those just joining Medicare. It is your chance to make changes.

Here is a summary of the various parts and choices of Medicare:

- **Part A Hospital** – This covers hospital-related charges as well as Skilled Nursing Facilities and hospice care. Most people have paid sufficiently through MedFICA payroll taxes so there is no charge for Part A. For those that have not, there is a premium charge based on how many “work credits” you accumulated while working.
- **Part B Medical** – This covers other Medical charges, such as doctors, lab tests, X-rays and other tests, durable medical equipment, and some injection medications. The premium in 2015 is \$104.90 per month, although high income persons pay a higher premium.
- **Part C Medicare Advantage** – These are Managed Care Plans from insurance companies, HMOs, PPOs, etc. Persons who are enrolled in Parts A and B of Medicare can “trade” that coverage for one of these plans. Most of them also cover prescription medications, and many do not charge a separate premium over the Part B premium; which must still be paid.
- **Part D Prescription Drug Coverage** – This coverage for prescription drugs is offered by private insurance companies, although all plans must meet the federal law's requirements for such plans. Premiums vary by plan. To find the best Part D plan for you, go to www.medicare.gov; click on *Find Health and Drug Plans*. You can enter your medications to find the plan that covers them for the least out-of-pocket expense to you.

- **Medicare Supplement (Medigap) Plans** – These plans are offered by private insurance companies and are designed to accompany Parts A and B and cover portions of medical charges not covered by Parts A and B. There are ten different levels of coverage, and premiums vary by plan and insurance company. Since these plans are private insurance plans, if you do not enroll during the Initial Enrollment Period, you will be required to go through medical underwriting to purchase a plan later.

Initial Enrollment Period. If you are newly eligible for Medicare because of turning age 65, you can enroll in Medicare Parts A, B, and D or a Medicare Advantage Plan (Part C) during the initial 7 month enrollment period. The Initial Enrollment Period begins three months before the month you turn 65, includes the month you turn 65, and ends three months after the month you turn 65. The coverage will be effective on either the first of the month you turn 65 or the first of the month following your enrollment, whichever comes later.

NOTE: You can enroll in Medicare on line at www.ssa.gov, by phone at 800-772-1213, or at your local Social Security office. During this period you also may enroll in a Medigap policy regardless of your medical history or condition; you will need to do that directly with the insurance company or through an insurance agent.

Late Enrollment. If you do not enroll in Medicare during this Initial Enrollment Period, and you do not qualify for a *Special Enrollment Period*, described below, then you must wait to enroll in Medicare during the annual *General Enrollment Period*.

Late Enrollment Penalty. If you do not enroll in Medicare during the Initial Enrollment Period and you do not later qualify for a Special Enrollment Period, the premiums you pay will have a penalty surcharge. The surcharge varies slightly by which part of Medicare is late in being enrolled; however, it is about 10 – 12% additional for each year you could have enrolled in Medicare but chose not to. This surcharge will be added to the regular premium during the entire time you remain on Medicare.

General Enrollment Period. General enrollment is from January 1 through March 31 of each year, with coverage effective the following July 1.

Choices When Enrolling in Medicare. Enrolling in Medicare requires making choices. Before enrolling in a plan you should do some research to make sure you are getting into a plan that meets your needs.

First you will need to enroll in both Part A (hospital) and Part B (Medical); see *Special Enrollment Period* below for exceptions.

Your primary choices for coverage are:

- Remain with Parts A & B, and add a stand-alone Prescription Drug Plan, Part D. You may also want to add a Medicare Supplement Plan (Medigap) to cover deductibles and co-insurance that Part A and B do not pay.
- Trade your Parts A & B coverage for a Medicare Advantage (Part C) PPO or HMO. You will still have to continue paying the Part B premium. Most Medicare Advantage Plans include Part D Prescription Drug coverage in their plan. For those that do not, you will need to purchase a stand-alone Drug plan to go with it. If you consider this option, make sure the medical providers you wish to continue seeing are contracting or preferred providers with the plan you choose.

As you might imagine, to find the right combination of coverage for you, you will need to do some research and perhaps speak with an insurance agent that specializes in health coverage for people age 65 or over.

Special Enrollment Periods

Not everyone who turns 65 needs or wants to switch their health insurance to Medicare. For those with a valid reason for not joining Medicare at age 65, provisions are made to allow enrollment at a later date without being subject to Late Enrollment Penalties.

Many people who already have health insurance when reaching age 65 want to continue their coverage. That is not always a good idea:

- **If you have individual health insurance**, and it is not from the Affordable Care Act, you may keep it, but chances are you will have better coverage for a lower premium if you enroll in Medicare A, B and D plus purchase one of the broad Medigap plans.
- **If you have individual health insurance that is from the Affordable Care Act**, the same would apply as the premium subsidies are no longer available after age 65.
- **If you have insurance through an employer due to current employment by you or your spouse**, you may wish to postpone signing up for Medicare. You can sign up for Medicare anytime while covered. Also, when your employer-based coverage stops, you have an 8-month Special Enrollment Period to sign up for Medicare.
 - **NOTE:** COBRA Continuation Coverage is NOT considered to be from active employment so the 8-month enrollment period begins when your “active employment” coverage stops.
 - To enroll in a Part D Prescription Drug Plan during this period you will need to provide a letter from your employer’s health insurance carrier, called a “Certificate of Creditable Coverage” that states the drug coverage they offered was as good or better than Medicare Part D coverage. Most group plans meet this requirement.

- **If you are covered under TRICARE** (coverage for active-duty military or retirees and their families), you will be required to enroll in Medicare Part B once you retire.

There are other times when you may take advantage of a Special Enrollment Period:

- You move to an area that is not in your Medicare Advantage Plan's service area;
- You move to an area that is still in your Medicare Advantage Plan's service area but which now has options available in your new location; and,
- You move back to the United States after living outside the country.

These are the major periods when you can enroll in the parts of Medicare, but not all of them. If you are approaching age 65, you should get more detailed information by downloading the Tip Sheet, "Understanding Medicare Enrollment Periods" at:

[www.medicare supplementplans.com/publications/ Understanding Medicare Enrollment Periods.pdf](http://www.medicare supplementplans.com/publications/Understanding_Medicare_Enrollment_Periods.pdf)