

Medicare Planning Guide for Turning 65 Employees

Medicare provides health insurance for individuals 65 or older as well as for individuals under 65 with certain disabilities, end-stage renal disease, and ALS (Lou Gehrig's). A common misconception is that you have to sign up for Medicare when you turn 65 to avoid any penalties.

Certain factors such as your current health insurance coverage may impact the decision on whether to enroll in Medicare upon turning 65, which parts of Medicare to enroll in, and the timeline for enrollment.

The goal of this guide is to provide guidance specifically for employees approaching age 65.

Retiring at 65

If you're turning 65 and planning to retire at or around this time, Congratulations!

When you turn 65, there is an initial enrollment period (IEP) to enroll in Medicare. The IEP is a seven-month period, including the three months before your 65th birthday, the month of your 65th birthday, and the three months after your 65th birthday.

You can apply for Medicare during any of these months; however, the effective date may differ based on the month you apply. Follow the steps below if you are turning 65 and planning to retire and leave your health insurance through your employer.

Even though you can apply up to 3 months before you turn 65, the earliest that your Medicare can start is the 1st of the month you actually turn 65. For example, if your birthday is May 11, then your Medicare will start May 1st. The only exception is when your birthday starts on the 1st of the month, then your Medicare will begin the month before. For example, if your birthday is May 1, then your Medicare will begin April 1st.

If you are collecting social security benefits, you will be signed up automatically for Parts A and B upon turning 65. Otherwise, you can sign up online at ssa.gov/medicare or by visiting your local Social Security office.

Once You Are Enrolled in Parts A and B

After signing up for Medicare Parts A and B, you'll have the opportunity to evaluate supplemental coverage options. You can also use your IEP to sign up for a Medicare Advantage or supplemental (Medigap) + prescription drug plan. These plans will help supplement the coverage from Original Medicare. Our team of advocates will be able to help you evaluate your options and make the right coverage decision through unbiased guidance and our Medicare Checkup software.

Working Past 65 and Staying on Employer Coverage

For individuals turning 65 and continuing to work, the decision and timeline for enrolling in Medicare may depend on a few factors. Follow the guidance below for your particular situation.

If you're covered by the company, there are different steps to consider depending on which plan you have selected.

Employer plan without a health savings account (HSA)

1. Sign up for Medicare Part A when you turn 65.

You can sign up either online at ssa.gov/medicare or by visiting your local Social Security office. Be careful to elect to enroll in Part A only and delay your Part B coverage if you are staying on your employer plan. The reason is that there is a monthly premium for Part B and for most individuals, there usually isn't a need to sign up for Part B and pay an extra premium.

Part A covers hospitalizations, skilled nursing, and blood. For most individuals, Part A costs \$0 on a monthly basis. Part A will be secondary coverage to your employer coverage and may provide extra coverage at no additional cost.

2. Sign up for Part B 2-3 months before you retire.

Upon retiring and leaving your employer coverage, you will have a special election period (SEP) to sign up for Medicare. Although you can sign up for Medicare anytime within 8 months of leaving employer coverage, most individuals enroll prior to leaving their employer Plan to ensure continuous coverage. We typically suggest that you begin the process 2-3 months prior to retirement in order to avoid a lapse in coverage.

If you're retiring after 65, you (and your spouse if applicable) will need to complete Medicare form CMS-40B to sign up for Part B. Your company human resources will need to fill out the CMS-L564 for you to show that you have had creditable coverage since turning 65 to avoid any penalties. Our team will set up the part B paperwork (CMS40B and CMS564 forms) electronically for you and HR to complete. Our team will also submit the completed part B application to Social Security on your behalf. It can take 1-2 weeks for Social Security to activate your part B.

3. Evaluate additional coverage options.

Along with signing up for Part B, you'll be able to enroll in a Medicare Advantage or supplemental (Medigap) and prescription drug plan. These plans will help supplement the coverage from Original Medicare.

Employer plan with a health savings account (HSA)

If you have a high deductible employer plan with a health savings account (HSA), do not sign up for any part of Medicare when you turn 65.

This is important because when you enroll in Medicare Part A, you are no longer eligible to contribute to your HSA and must adjust your contribution limit for only the months you are eligible to contribute during that year. You may incur tax penalties (6%) if you make any excess contributions to your HSA. Once you decide to retire, stop contributing to your HSA at least six months before you plan on enrolling in Medicare Part A. We recommend enrolling in part A 2 months prior to coming off employer coverage.

When you enroll in Medicare, your Part A effective date will be retroactive the greater of six months or back to your 65th birthday. Any excess contributions made even during the months of retroactive coverage will be subject to tax penalties. You will have the same opportunity to sign up for Part B as well as enroll in a Medicare Advantage, Supplement, and Part D plan as above after signing up for Part A.



GET IN TOUCH!

Our team of advocates is available to guide you through the Medicare maze and help you evaluate coverage options. Through unbiased guidance and white glove service, we will help you make the right decision for your retirement healthcare. As a part of your employee benefits, there is no cost to you or your family members for this service.

