Signing up for Medicare the First Time

- The "initial enrollment period" for Medicare Parts A (hospitals), B (doctors and outpatient care), and D (drugs) consists of the three months before, the month of, and the three months after your 65th birthday.
- If you already receive Social Security, Medicare will contact you in advance. If not, you must enroll on your own either online or at a Social Security office.
- I you do not sign up during this initial period, you must wait until the next annual General Enrollment Period to join Medicare, which runs from January through the end of March. Your coverage will begin the following July 1.
- Normally everyone enrolls in Part A immediately because it's free. The only exception: If you are still working at a large employer (20 employees or more) and have a high-deductible plan with a Health Savings Account (HAS), you can't continue contributing to the HSA once you join Medicare. If you want to do so, you can delay Part A enrollment. There's no penalty for late signup. Whether to delay signing up for Parts B and D can be tricky, especially if you're still working or have a retiree plan. If you delay signup under certain conditions, you can be penalized with higher premiums.

When to sign up for Part B

If you don't sign up for Part B when you should, you could be hit with a harsh penalty; a permanent increase in your premium of 10 percent for every year that you should have been enrolled but weren't. In 2019, the standard Part B premium is \$135.50 a month.

Most people should sign up for Part B either when they turn 65 or when their spouse stops working, whichever comes later. Sounds simple, but be aware of these exceptions and gotchas if any of these situations apply to you or your spouse:

- You are still working at a large employer. You can delay enrollment without penalty if you have health insurance through your own or a spouse's current job at a workplace with 20 employees or more. Once the last working spouse leaves his or her job, even if they're getting COBRA or retiree insurance, it's time to sign up for Part B. You have eight month, starting the month after the job ends, to get this done without penalty.
- You are still working at a small employer. If your workplace has fewer than 20 employees, sign up for Part B as soon as you turn 65. Your employee health plan then becomes a secondary plan that kicks in after Medicare has paid its share of the bills. Workplaces this size are allowed to drop you from their employee plan after you reach 65, (something that's against the law for larger employers). If you ignore this rule, and your group health plan finds out you're over 65, it may refuse to pay claims that Medicare would have paid.

- You or your spouse is on COBRA. Even though the COBRA plan is exactly the same as your former group health plan, once you turn 65 you must switch to Medicare. But, COBRA can still function as the main insurance for the younger spouse, and you can keep parts of your COBRA plan that Medicare doesn't cover, such as your dental benefit.
- You have a retiree plan. If you have a retiree plan from your old job, you must sign up for Part B when you turn 65, even if your retiree plan doesn't change at all. After you go on Medicare, the retiree plan becomes a secondary plan (but may still function as the main insurance for your younger spouse). Your plan might not, however, pick up all the costs that Medicare doesn't, so check with your plan administrator. If coverage is meager and premiums high, compare this to what it would cost to drop your retiree plan and get a Medigap or Medicare Advantage plan instead Also find out if you can rejoin your retiree plan later if circumstances change; sometimes you can and sometimes you can't.
- Your receive veteran's benefits. The Department of Veteran's Affairs and Medicare operate independently of each other for the most part. Medicare won't pay for care you get at a VA facility, and the VA won't help you with your Medicare co-payments and deductibles (except if the VA authorizes you to get care at a non-VA hospital). The VA encourages veterans to sign up for Medicare A and B to have the flexibility to seek care at non-VA facilities if need be. Moreover, if you are not in one of the VA's higher priority groups, you could lose your coverage suddenly if Congress decided to cut back the VA's budget. At that point, you would have to pay a penalty for late enrollment in Medicare Part B.
- You have TRICARE for Life. If your military service entitles you to TRICARE for Life, you must sign up for Part B when you turn 65, regardless of whether you are working or have other sources of coverage. If you don't, you lose your eligibility for this valuable benefit.
- You are on the Federal Employees Health Benefits Plan (FEHB). FEHB will continue to cover you after retirement, even if you don't take Medicare at all. But if you delay enrollment in Part B after retiring, and then change your mind later, you'll be hit with the Part B late-enrollment penalty. Because FEHB premiums can be substantial, you need to consider your options carefully.

Part D do's and don'ts

For most people, signing up for Part D at 65 is the best strategy. But be prompt. There's a penalty—1 percent extra on your premium for every month you could have signed up, but didn't –for enrolling more than three month after your 65th birthday month. So if you are a year late enrolling, your premium with be 12 percent higher than it would have been otherwise.

There are exceptions to signing up right at 65 though. See Medicare Part D for more information.

Protecting yourself against high out-of-pocket Medicare costs

Original Medicare is the familiar program that's been around since 1965, in which the government pays Medicare's share of your medical bills directly to providers of Part A and B services. You can go to any provider anywhere in the country that accepts Medicare reimbursement.

The problem is that original Medicare has some substantial deductibles and co-insurance (for example, a \$1,364 deductible for every hospital stay and 20 percent of outpatient doctor visits). And unlike the private insurance you're used to from your working years; Medicare does not have an out-of-pocket limit. Those deductibles and coinsurance payments can add up fast, especially if you need costly treatments like outpatient chemotherapy.

You may have a retiree plan (a health plan provided courtesy of your former employer) that helps pick up some or all of this cost sharing.

One is to buy a Medigap plan, a private supplemental plan that helps cover most or all of those costs. If you select this option, you will continue to be covered by original Medicare. After Medicare has paid your claims, it will automatically forward them to your Medigap plan, which will then pay its portion of the bill.

Since Medigap plans do not over prescription drugs, you must also purchase a standalone Part D plan if you want drug coverage.

Your other option is to purchase a Medicare Advantage plan, a private plan that you can choose in place of original Medicare. These plans now cover about one in four Medicare recipients. Every Medicare Advantage plan substitutes for Part A and Part B (although you continue to pay your Part B premium as usual). You might also pay an extra premium for the plan itself. Most of the plans also include Part D drug coverage. If they don't, you can buy a separate Part D plan. Medicare Advantage plans typically come with deductibles and copays, but once these hit your annual out-of-pocket limit, the plan will pick up 100% of your bills for the rest of the year.

Medicare Advantage plans are a lot like the managed care plans you may have had during your working years. You will have to receive your care from doctors, hospitals, and other providers within the plan's network or the plan won't pay.

If you have a retiree plan, check with your plan administrator before signing up for a Medicare Advantage plan because it may affect your eligibility for your retiree benefits.

The vast majority of Medicare Advantage plans are HMOs or PPOs that require you to get your care within a local provider network. You will also be responsible for the plan's deductible and co-pays, and the law that created the Medicare Advantage program prohibits you from buying Medigap coverage to help with these expenses.

Changing to a different plan

Once you are enrolled in Medicare, you can join, switch, or drop a Medicare Advantage or Part D plan once a year during the annual open-enrollment period. In 2019, the dates are October 15 to December 7 plans beginning on January 1; and, additionally, January 1 to March 31. **Exceptions:**

EPIC, New York States Prescription Assistance Program/SPAP, allows you to change one more time during the calendar year. Eligibility for certain benefits, Medicaid, Medicare Savings Program, Low Income subsidy/Extra Help, allows you to change anytime during the calendar year (except for Low Income subsidy/Extra Help that you may change once per calendar quarter).

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