

Medicare and Group Insurance

Most Americans enroll in Medicare Part A when they are first eligible, as there is no associated out-of-pocket costs to those workers (or dependent spouses) who have accumulated 40 quarters of Social Security covered work hours. However, Part B is another story.

If an employee is in an employee group of fewer than 20 lives, group insurance pays *after* Medicare Part B so it is necessary to enroll. Larger groups are a different story.

For the small group member, they typically must initiate the enrollment unless they have already signed up for early Social Security retirement benefits. The best time for the employee to enroll in Medicare Part B is three months prior to the month they will be turning 65. So, as my birthday is May 29, my Medicare will start on the first of May and I can enroll on February 1, three months before my Medicare start month. I can also enroll during this *Initial Enrollment Period* in the month of May as well as three months after; June, July and August.

If a person is in a larger group, the employer's plan is primary and Medicare is secondary. Federal law prohibits employers from encouraging (and paying) for Medicare in lieu of the group plan. Enrolling in Medicare and supplemental insurance must be voluntary. If the employee opts to remain on the group plan, in most cases, it is best to defer enrolling in Medicare until retirement. DO NOT enroll in COBRA upon retirement.

To enroll in Medicare at any point, it can be done by a visit to your local Social Security office, a phone call to Social Security at 1-800-772-1213 [or online](#). A phone call or a visit is needed if you wish to enroll in Social Security retirement benefits at the same time.

Many employees and business owners voluntarily elect to drop off their employer sponsored group major medical plan when they turn 65. Medicare Part B in 2018 costs most wage earners \$134.00 a month in premiums. Individuals with annual incomes in 2016 over \$85,000 or couples over \$170,000 will pay more. This is known as MAGI, Modified Adjusted Gross Income, as reported on your tax return. There is an appeals process if there is a radical lower current income.

If Your Yearly Income in 2016 (for what you pay in 2018) was		You Pay each month (in 2018)
File Individual Tax Return	File Joint Tax Return	
\$85,000 or less	\$170,000 or less	\$134.00
Above \$85,000 up to \$107,000	Above \$170,000 up to \$214,000	\$187.50
Above \$107,000 up to \$133,500	Above \$214,000 up to \$267,000	\$267.90
Above \$133,500 up to \$160,000	Above \$267,000 up to \$320,000	\$348.30
Above \$160,000	Above \$320,000	\$428.60

Closely related to MAGI is (her sister) IRMAA. The Income-Related Monthly Adjustment Amount is an additional fee for Medicare beneficiaries over and above the Medicare Part D prescription drug plan.

If Your Yearly Income in 2016 was		You Pay
File Individual Tax Return	File Joint Tax Return	
\$85,000 or less	\$170,000 or less	Your Plan Premium
Above \$85,000 up to \$107,000	Above \$170,000 up to \$214,000	\$13.00 + Your Plan Premium
Above \$107,000 up to \$133,500	Above \$214,000 up to \$267,000	\$33.60 + Your Plan Premium
Above \$133,500 up to \$160,000	Above \$267,000 up to \$320,000	\$54.20 + Your Plan Premium
Above \$160,000	Above \$320,000	\$74.80 + Your Plan Premium

When the employee is deciding to retain his employer plan, or go with Medicare, the above costs must be considered. Added to these costs would be the cost of the Medicare supplement premium and the cost of the Part D premium (or the cost, if any, of the Medicare Advantage Plan). Personally, as an agent in Texas, we recommend a Medicare Supplement Plan. Then you have first dollar health benefits with no deductible or co-pays and the availability to use ANY Medicare provider in the country without the restrictions of a limited provider network.

Before totaling the above, you must also consider the cost of the medications and the related co-pays under Medicare Part D. I go to www.Medicare.Gov and use the "Medicare Plan Finder". By entering your client's medications you will be able to recommend the least expensive plan that covers their medication and have a very good idea of annual cost, including if they will enter the "coverage gap" (donut hole).

If the employee participates in the monthly group, the Medicare route may provide a better benefit package at a lower cost. Be careful that the spouse will not be left in the cold. If the spouse is within age 65, COBRA may be an option. Otherwise, beginning Jan. 1, 2014, the younger spouse may purchase an individual policy with no pre-existing condition limitations.

Employees who are eligible for Medicare Part B and are covered on their (over 20 employees) group plan should elect to defer enrollment in Part B and Part D until retirement. This is okay, as there is a *Special Enrollment Period* that will allow you to enroll just prior or immediately at retirement.