

Guide to Medicare Part “A” and Part B” when you or your spouse turn age 65 and continue working

To determine if you should delay or elect Medicare Part “A” and Part “B” depends on a number of factors:

- 1) Is my employer plan primary or secondary?
- 2) How much will Part “B” Medicare cost?
- 3) Will I be receiving Social Security Benefits?
- 4) Do I have a Health Savings Account (HSA) and do I want to continue contributions?

Is my current employer plan “primary” or “secondary” coverage?

Your decision to enroll in Part “A” and Part “B” Medicare depends on whether your employer group health plan is the “primary” plan or the “secondary” plan.

The rules vary based on whether the employer size is under 20 employees, between 20 – 99 employees, or 100 or more employees. The employer’s size determines whether the employer’s group health plan is the “primary” plan; that is, the plan is required to pay claims first or before Medicare, or the “secondary” plan; the plan pays claims after Medicare.

For employers with 20 – 99 employees:

- If Medicare entitlement is due to age (age 65 or over), the primary payer is the group health plan.
- If Medicare entitlement is due to disability (under age 65), the primary payer is Medicare.

For employers with 100 or more employees:

- If Medicare entitlement is due to age (age 65 or over), the primary payer is the group health plan.
- If Medicare entitlement is due to disability (under age 65), the primary payer is the group health plan.

For employers with under 20 employees:

- If Medicare entitlement is due to age (age 65 or over), the primary payer is Medicare.
- If Medicare entitlement is due to disability (under age 65), the primary payer is Medicare.

Note: For non-active employees (or their spouses), such as retirees or COBRA beneficiaries, the group health plan is no longer the primary payer.

Note: You should talk with your employer benefits manager to determine if the employer plan provides benefits as Medicare Primary or Medicare Secondary.

Part “B” Medicare Cost?

If you have 40 quarters of Social Security covered work hours you are eligible for premium free Part “A” Medicare, however, if you elect Part “B” Medicare you must pay a premium. Most people will pay the standard premium amount for Part “B”, but if your modified adjusted gross income for 2021 is above \$97,000 for single filers and \$194,000 for joint filers, you will pay an Income Related Monthly Adjustment Amount (IRMAA). Medicare uses the modified adjusted gross income reported on your IRS tax return from 2 years ago (2021 for 2023 IRMMA calculations).

Will I be receiving Social Security Benefits?

I WILL be getting benefits from Social Security at least 4 months before I turn 65: You will automatically get Part A and Part B starting the first day of the month you turn 65. (If your birthday is on the first day of the month, Part A and Part B will start the first day of the prior month.) **Once you have signed up to receive Social Security benefits, you can only delay your Part B coverage; you cannot delay your Part A coverage.** Since you have Part "A" you will be ineligible to contribute to your HSA. If eligible and the employer plan is primary, you may delay Part "B" and remain on the employer group health plan.

Do I have a Health Savings Account (HSA) and do I want to continue contributions?

My Employer Has More Than 20 Employees, So the Group Plan Is Primary:

I have health insurance based on my (or my spouse's) current employment, **from an employer with 20 or more employees, so my employer plan is primary coverage.**

NOTE: *If you have COBRA or retiree coverage, or if your employer gives you an amount of money to purchase health insurance, you do NOT have health insurance based on "current employment."*

Your decision to enroll in Part A and Part B **depends on whether you have a high-deductible health plan with a health savings account (HSA):**

I do NOT have a Health Savings Account (HSA)

Part A: If you qualify for premium-free Part A, you should enroll in Part A when you turn 65. However, if you have to pay a premium for Part A, you can delay Part A until you (or your spouse) stop working or lose that employer coverage. You will NOT pay a penalty for delaying Part A, as long as you enroll within 8 months of losing your coverage or stopping work (whichever happens first).

Part B: You can delay Part B until you (or your spouse) stop working or lose that employer coverage. This allows you to save the cost of your Part B premium. It also allows you to postpone your one-time "Medigap open enrollment period" until a later time, when you may want to purchase this type of coverage.

You will NOT pay a penalty for delaying Medicare, as long as you enroll within 8 months of losing your coverage or stopping work (whichever happens first). You'll want to plan ahead and enroll in Part B at least a month before you stop working or your employer coverage ends, so you don't have a gap in coverage.

I HAVE a High-Deductible Health Plan AND a Health Savings Account (HSA)

Once you enroll in any part of Medicare, you won't be able to contribute to your HSA. If you would like to continue making contributions to your HSA, you can delay both Part A and Part B until you (or your spouse) stop working or lose that employer coverage. You will NOT pay a penalty for delaying Medicare, as long as you enroll within 8 months of losing your coverage or stopping work (whichever happens first).

NOTE: *If you qualify for premium-free Part A, your coverage will go back (retroactively) up to 6 months from when you sign up. So, you should stop making contributions to your HSA 6 months before you enroll in Part A and Part B (or apply for Social Security benefits, if you want to collect retirement benefits before you stop working).*

I want to DELAY BOTH Part A and Part B

If you want to delay both Part A and Part B coverage, you do not need to do anything when you turn 65. You should sign up for Medicare when you stop working or lose your health insurance from your (or your spouse's) current employer.

When can I sign up for Part A and Part B?

If you decide not to enroll in Part A and Part B during your Initial Enrollment Period, your next chance to enroll **depends on your situation:**

I (or my spouse) am still working and I have employer coverage from THIS employer

If you're eligible for premium-free Part A, you can enroll in Part A at any time after you're first eligible for Medicare. Your Part A coverage will go back (retroactively) 6 months from when you sign up (but no earlier than the first month you are eligible for Medicare).

You should start your Part B coverage as soon as you stop working or lose your current employer coverage (even if you sign up for COBRA or retiree health coverage from your employer). You have **8 months** to enroll in Medicare once you stop working OR your employer coverage ends (whichever happens first). But you'll want to plan ahead and contact Social Security before your employer coverage ends, so you don't have a gap in coverage.

NOTE: If you do not enroll in Part B within 8 months of losing your coverage based on current employment, you may have to pay a lifetime late enrollment penalty. In addition, you will only be able to enroll in Part B during the Medicare General Enrollment Period (from January 1 to March 31 each year) and your coverage won't start until July. This may cause a gap in your coverage.

NOTE: If you have a Health Savings Account (HSA), you should stop making contributions to your HSA 6 months before you sign up for Part A and Part B in order to avoid a tax penalty.

My Employer Has Fewer Than 20 Employees, So Medicare Is Primary Coverage:

I have health insurance based on my (or my spouse's) current employment, **from an employer with fewer than 20 employees**

You should enroll in Part "A" and Part "B" when you turn 65. In this case Medicare pays before your employer insurance. This means that Medicare is the primary payer for your health coverage. Since you are enrolled in Medicare, you may not continue contributions to your HSA.

I have health insurance from the Health Insurance Marketplace or other private insurance not directly offered by my employer.

NOTE: The Individual Health Insurance Marketplace is a place where people can go to compare and enroll in health insurance. In some states, the Marketplace is run by the state and in other states it is run by the federal government. The Health Insurance Marketplace was set up through the Affordable Care Act.

If you're eligible for premium-free Part A, you should enroll in Part A and Part B when you turn 65.

If you have Marketplace coverage and you are getting the reduced premium or tax credit, it will stop once your Medicare Part A starts. You won't need this coverage once Medicare begins.

If you are not eligible for premium-free Part A, you can choose to stay in the Individual Health Insurance Marketplace to get your coverage. That coverage may cost less. But if you choose to enroll in Medicare Part A and/or Part B later, you will have to wait to sign up and you may have to pay a late enrollment penalty—and that penalty increases the longer you wait.