

Preparing for Medicare Enrollment

Presented by Christa Canavan

It's a few months before you turn 65. You check the mail and find the box overflowing with materials from companies discussing Medicare enrollment, Medicare Advantage plans, and other pharmacy-related plans. The amount of information is overwhelming—how will you possibly sort through it all and figure out what you need to do?

Although many third-party providers offer legitimate products and services, it's often difficult to differentiate between these marketing materials and official mailings from the Centers for Medicare & Medicaid Services. As the Medicare enrollment period approaches, it's best to map out a plan ahead of time to avoid making poor decisions.

Steps to Take Before You Turn 65

To help ensure that you make the best Medicare choices, it's a good idea to check the following items off your list before you turn 65.

Set a reminder. When you turn 64, mark the calendar for your initial Medicare enrollment period. If you already receive social security or Railroad Retirement Board benefits, you will be enrolled automatically in Part A and Part B coverage on the first day of the month you turn 65. If not, your initial enrollment period begins three months before your 65th birthday and ends three months after you turn 65. If you don't sign up for Part A, Part B, or both when you are first eligible, you can enroll during the general enrollment period, which occurs between January 1 and March 31 every year. Your Medicare benefits will not begin until July 1, and you may be required to pay a penalty for late enrollment.

Note the special enrollment period. If you're currently covered by group insurance through an employer or a spouse's employer that has 20 or more employees, you may be able to delay Medicare enrollment. Talk to your employer to determine how the group plan coordinates with Medicare. You may sign up without penalty while you are covered by a group health plan or during the eight-month period that begins the month after your employment ends or the coverage ends, whichever comes first. Note that COBRA and retiree health plans are not considered "insurance based on current employment" and are not eligible for the special enrollment period when that coverage ends. This means the COBRA coverage period and the eight-month special enrollment period run simultaneously. The eight-month special enrollment period *does not* begin when the COBRA coverage period ends.

HSA contributions if you continue to work after age 65. You are prohibited from contributing to an HSA once you are enrolled in any part of Medicare. If you have a high-deductible health plan and make contributions to an HSA, you should stop the contributions six months prior to your enrollment because Medicare Part A has a six-month retroactive coverage period.

Research Medigap and Medicare Advantage plans. It's wise to look into how Medigap and Medicare Advantage plans work and decide if either type of plan would benefit you. Here's an overview:

- **Medigap.** Medigap policies are also called Medicare Supplement Insurance policies. Private insurance companies sell Medigap policies that pay for the cost-sharing expenses (i.e., co-payments, coinsurance, and deductibles) that Original Medicare (i.e., Parts A and B) doesn't cover. Medigap policies are generally standardized by federal and state law, but the premiums you pay will vary based on where you live.
- **Medicare Advantage.** Medicare Advantage is also known as Part C. Like HMOs or PPOs, Medicare Advantage plans are a managed care alternative to Part A and Part B. These plans roll Part A's hospital insurance, Part B's medical insurance, and Part D's prescription drug benefit into a health insurance plan. Private health insurers offer Medicare Advantage plans approved by the Centers for Medicare & Medicaid Services. You can search and compare Medicare Advantage plans on the Medicare website at www.medicare.gov/plan-compare.

Talk to your health care providers. Most, but not all, health care providers accept Medicare, so it's essential to double-check that your physician and his or her affiliated health care system do as well. Also, be sure to ask if the provider accepts assignment, which means the provider will accept the Medicare-approved amount as full payment for services. This is important because some providers may not restrict their fees to the amount paid by Medicare. If your health care provider accepts assignment, it also means you won't have to pay up front for treatment, file a claim form, and wait for reimbursement. Instead, the health care provider will file your claims, and you will be billed only for your share of the costs, such as the deductible and coinsurance amounts.

To locate doctors near you who accept assignment, you can use Medicare's provider search, available at www.medicare.gov/physiciancompare.

Seek advice from a trusted resource. When faced with an array of Medicare choices, it's easy to become confused and frustrated with the enrollment process. Unfortunately, many people aren't aware of the decisions they will need to make or the factors they should consider. We can answer your questions about Medicare, guide you through the enrollment process, and help you make the most of your benefits. By planning ahead, you'll pave the way for a smooth transition to Medicare.

This material has been provided for general informational purposes only and does not constitute either tax or legal advice. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a tax preparer, professional tax advisor, or lawyer.



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