

News You Can Use

Tools for Corporate Executives

The Medicare Maze: Navigate Before Age 65

Medicare Coverage begins at the age of 65; however, there are many strings attached in the form of complex enrollment rules that could cost you money. You will also have to figure out how Medicare dovetails with your workplace or retiree coverage and understand the coverage gaps. A decision between managed-care benefits or fee-for-service coverage needs to be made.

When You Should Sign Up

To reduce foul-ups, contact the Social Security Administration Office (www.ssa.gov; 800-772-1213) three months before your 65th birthday. Medicare's initial enrollment period runs for seven months, starting three months before the months you turn 65 and running three months after you birth month.

Everyone is eligible for Medicare at the age of 65, even if the Social Security benefits begin later. If you wait, you could miss the initial enrollment period for Part B coverage (outpatient care). You would have to wait to enroll during the general enrollment period, which runs from January 1 to March 31 for benefits starting July 1. You will also incur a 10% premium penalty for each year you wait beyond your initial enrollment period. Part A coverage, however, can be signed up for at any time with no penalty, which covers hospital services.

To avoid a penalty that accrues monthly after the initial enrollment period, you should apply for the Part D drug plan. If you miss the initial period, you may sign up during the last six weeks of the year for coverage that begins January 1. There is a way to avoid the late fee for Part D, but you must be able to prove that you had drug coverage elsewhere that was at least as good as the Medicare benefit.

By choosing fee-for-service care, you need to sign up for Part D as well as private supplemental coverage to fill Medicare's coverage gaps. An alternative is a Medicare Advantage managed-care plan, which includes gap and drug benefits, which likely will be cheaper than traditional Medicare, but you may lose the provider choice of fee-for-service care.

If You Have Workplace Benefits

Working individuals can qualify for a special enrollment period (SEP) that exempts you from penalties. To qualify, you must enroll in Part B while still covered by a group plan offered by your employer or spouse's employer – or during the eight months following the month that the group health plan coverage ends or the

employment ends, whichever is first.

Newly eligible beneficiaries who are covered by workplace insurance can choose parts of Medicare that they want. Call Medicare at 800-633-4227 or www.medicare.gov with any questions.

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