

Smart Medicare Answers

→ Enrollment Guide

Getting your Medicare enrollment right is the only way to avoid financial penalties and gaps in coverage. There are many variables in timing your Medicare enrollment.

Be aware that a guide like this speaks to the most common situations. Getting expert advice is always a good idea.

- 1) **When you discuss enrollment, are you talking about enrollment in Original Medicare (Parts A & B from the federal government) or enrollment in Medicare Supplement/Drug or Medicare Advantage plans designed to fill the gaps in Original Medicare?**

I will specify in each answer.

- 2) **Do I *have* to enroll in Medicare Parts A and B when I am 65?**

Everyone says “yes,” I have to enroll to avoid a financial penalty.

It depends! You:

- Must enroll if you don't have creditable coverage, e.g., you are self-employed, work for a small employer with fewer than 20 employees, or are already retired.

In this case, if you don't enroll, you'll face a *Late Enrollment Penalty* of 10% for *every* year you aren't enrolled. The penalty continues lifelong, even after you enroll in Medicare.

- Don't enroll if you have *creditable medical coverage*, such as a health insurance plan from your or your spouse's large (20+ employees) employer.

In this case, you will get a Special Enrollment Period (SEP) for enrollment without penalty when you leave or lose your creditable health insurance.

3) **What is creditable medical coverage?**

Medicare creditable coverage is insurance equivalent to Medicare in terms of cost and coverage. When you have creditable coverage for Medicare, you can delay enrollment in Medicare without owing a late enrollment penalty.

4) **Should I enroll in Part A at 65, even with my creditable medical coverage?**

Enroll in Part A (hospital room and board) if you or your spouse has worked and paid FICA taxes for 40 or more quarters. The only exception is if **you or your spouse contribute to a health savings account (HSA) for you** and will continue to do so. If you are funding (or being funded for) an HSA, you cannot enroll in Part A.

Otherwise, in this situation, there's nothing to lose and everything to gain in enrolling in Part A. Part A costs you nothing but serves as secondary insurance should you be admitted to the hospital.

NOTE: HSA Guidelines

- Stop funding your HSA six months before you enroll in Medicare Part A to make a clean break. If your Medicare Part A coverage overlaps with when you made contributions, you'll have to pay a tax penalty.
- You can withdraw money from your HSA after your Medicare coverage starts to help pay your share of costs (like deductibles, premiums, coinsurance, or co-payments).

5) **If I want to start Medicare at 65, when do I enroll?**

You can enroll in Original Medicare anytime during the seven-month Initial Enrollment Period (IEP).



If you enroll in Medicare during your birthday month or in the following three months, your Medicare Part B start date may be delayed. It's best to enroll before your birthday month.

6) **I'm on COBRA. Does that change when I enroll in Medicare?**

Again, it depends!

- a) *If you're on COBRA when you turn 65, you must enroll in Original Medicare during your IEP (see #5 above).*
- b) *If you're on employer healthcare post-65, then lose it; you have eight months to start Original Medicare and can use COBRA to fill in.*

However, I recommend you immediately enroll in Original Medicare for an asap start date, using COBRA just for the interim period.

7) **My spouse and I retired early and have an excellent retiree health insurance plan. Now I'm turning 65 in two months.**

Do I have to enroll in Original Medicare?

Yes, you do have to enroll in Original Medicare, whether you start your retiree plan before 65 or are offered one when you retire post-65.

A retiree plan does not replace Original Medicare. If you delay enrollment, you will incur a penalty.

If you want to consider using your retiree plan as a secondary plan to fill the gaps in Original Medicare, identify the best approach by analyzing the coverage and cost of the retiree plan vs. a Medicare Supplement + Drug Plan vs. a Medicare Advantage plan. A broker is a great help here.

8) **I'm a retired federal employee with health coverage benefits (FEHB). Do I need to enroll in Medicare?**

If you have FEHB and can enroll in Part A without paying premiums, do so.

You'll have to decide whether to enroll in Part B and pay that monthly premium. When you combine your FEHB with Medicare Parts A and B, FEHB will waive your deductibles, copays, and coinsurance for certain covered services, regardless of which FEHB plan you choose.

You'll find more [guidance on how FEHB works with Medicare here](#).

9) **When do I have to do my initial enrollment in my Medicare Supplement and Drug (Part D) plans or Medicare Advantage plan?**

That's a great question, as initial enrollments differ according to the type of plan. However, to enroll in any of these plans, you must first be enrolled in Original Medicare.

I recommend you enroll as soon as possible in each case to avoid coverage gaps and financial penalties.

Medicare Supplement Initial Enrollment is a one-time opportunity to sign up for any Medicare Supplement policy without having to answer medical questions. You can enroll as soon as your Part B enrollment is complete (whether at 65 or later when you retire and lose creditable health insurance) through six months after your Part B starts.

If you enroll in Medicare at 65, you enroll in your *Standalone Part D drug plan* or *Medicare Advantage* during your Original Medicare Initial Enrollment Period (the seven-month period that includes the three months before, the month of, and the three months following your 65th birthday).

If you have creditable coverage, then enroll in Medicare post-65, use your Special Enrollment Period (SEP) to enroll in your *Standalone Part D drug plan* or *Medicare Advantage*. You can enroll in either type of plan after you've signed up for Part A and B.

Glad to answer your Medicare questions!

Book your no-charge Medicare chat here: <https://bit.ly/3J3810z>

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