

## Medicare Decisions for Those Over 65 and Planning to Retire in the Next 6 Months

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### How will this Fact Sheet help me?

As you make your plans to retire, you need to make several important decisions about your Medicare coverage. This fact sheet will help you:

- 1** Decide whether to enroll in Medicare Part A and Part B when you retire (if you haven't already)
- 2** Decide whether you need additional coverage (Medicare Advantage, Medigap)
- 3** Decide whether you need Medicare prescription drug coverage (Part D)

### When do I need to decide?

Even if you will have other coverage available to you after you retire, you will still need to make some Medicare enrollment decisions before you stop working. There can be penalties if you do not enroll on time, **so it is best to make these decisions before you stop working.**

**1**

**Decide Whether to Enroll in Part A and Part B When You Retire**

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**What are Medicare Part A and Part B?**

Medicare Part A is sometimes called “Hospital Insurance.” It helps cover inpatient hospital care, skilled nursing facility care, hospice care, and home health care.

Medicare Part B is sometimes called “Medical Insurance.” It helps cover services from doctors and other health care providers, outpatient care, home health care, durable medical equipment, and some preventive services, including certain vaccines and cancer screenings.

**Should I enroll in Part A and Part B?**

You should decide whether to enroll in Part A and Part B before you retire or lose your current employer coverage.

- ▶▶ *If you have already enrolled in BOTH Part A and Part B — SKIP to Decision 2 on page 5.*
- ▶▶ *If you don't have BOTH Part A and Part B — Select the situation that will apply to you after you retire:*

**After I retire, I will have HEALTH COVERAGE FROM A SPOUSE who is still working and his/her employer has 20 or more employees.**

If you will have health coverage through a spouse who is still working, you will still have coverage based on “current employment.”

**What do I need to do before I stop working?**

- If you are not sure about the size of the employer, check with your spouse’s employer or union benefits manager.
- If your spouse’s employer has more than 20 employees, check with your spouse’s employer or union benefits manager about whether you have group health plan coverage (as defined by the IRS). People with group health coverage based on current employment may be able to delay Part A and Part B and won’t have to pay a lifetime late enrollment penalty if they enroll later.
- If you qualify for premium-free Part A, in most cases you should enroll in Part A. However, people who have a high deductible health plan and a health savings account (HSA) may want to delay Part A to avoid a tax penalty. If you have an HSA, contact your employer benefits manager to learn whether you should enroll in Part A.

**Group Health Coverage**


Contact your employer and ask if you have group health plan coverage, then check which applies to you:

- I have group health plan coverage and do not need to enroll in Part B
- I do not have group health plan coverage and need to enroll in both Part A and Part B

**NOTE:** *If you are eligible for premium-free Part A, your coverage starts retroactively 6 months back, so it's important to stop contributing to an HSA 6 months before applying for Medicare or Social Security benefits.*

**What do I need to do when my spouse stops working or I lose my coverage from my spouse's employer?**

- Enroll in Part A and Part B (even if you sign up for COBRA or retiree health coverage). 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.

 **WARNING:** *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.*


▶▶ **Once you have enrolled in both Part A and Part B, go to Decision 2 on page 5.**

**After I retire, I will have HEALTH COVERAGE FROM A SPOUSE who is still working AND his/her employer has fewer than 20 employees.**

If you will have health coverage through a spouse and his/her employer or union has fewer than 20 employees, you should enroll in both Part A and Part B. In this case, Medicare pays before the employer insurance. This means that Medicare is the primary payer for your health coverage.

**What do I need to do before I stop working?**

- If you are not sure about the size of the employer, check with your spouse's employer or union benefits manager.
- If the employer has fewer than 20 employees, enroll in both Part A and Part B. You'll want to plan ahead and contact Social Security before your employer coverage ends, so you don't have a gap in coverage.

 **WARNING:** *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.*


▶▶ **Once you have enrolled in both Part A and Part B, go to Decision 2 on page 5.**

**After I retire, I will be eligible for RETIREE COVERAGE from my former employer (or from my spouse's former employer).**

If you are planning to take retiree coverage from a former employer, you should enroll in both Part A and B. Most retiree insurance requires you to have both Part A and Part B to get coverage.

**What do I need to do *before* I stop working?**

- Before you stop working, check with your employer or union benefits manager to find out how your retiree coverage works with Medicare.
- You should enroll in Part A and B 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.

 **WARNING:** *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, and you will only be able to enroll in Part B during the Medicare General Enrollment Period (from January 1 to March 31 each year). Your coverage won't start until July. This may cause a gap in your coverage.*

▶▶ **Once you have enrolled in both Part A and Part B, go to Decision 2 on page 5.**

**After I retire, I will *NOT* HAVE HEALTH COVERAGE from any current or former employer.**

If you will not have health coverage from a current or former employer, you should enroll in both Part A and Part B.

**What do I need to do *before* I stop working?**

- Enroll in both Part A and Part B (even if you sign up for COBRA 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.

▶▶ **Once you have enrolled in both Part A and Part B, go to Decision 2 on page 5.**

## **2** **Decide Whether You Need Additional Coverage (Medicare Advantage, Medigap)**


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Once your Part A and Part B starts, you will have health coverage under “Original Medicare.” Because Original Medicare does not cover all of your health care expenses, you should consider whether you need additional coverage.

**Select the situation that will apply to you *after you retire*:**

- After I retire, I will be eligible for RETIREE COVERAGE from my (or my spouse’s) employer.**

If you are eligible for retiree coverage, you should talk to the employer about how your coverage works with Medicare. If you decide not to take your retiree coverage, you can purchase other coverage such as Medicare supplement insurance (also called Medigap) or a Medicare Advantage Plan. You can find an introduction to these types of coverage below.

 **WARNING:** *If you decline employer retiree coverage or enroll in other coverage, you may not be able to change your mind and enroll in your retiree coverage later. It is important to talk to the employer before making a decision.*

▶▶ **You have completed Decision 2. Go to Decision 3 on page 7.**

- After I retire, I will NOT have retiree coverage from my (or my spouse’s) employer.**

If you don’t have other coverage available to you, you should consider purchasing additional coverage. Many people with Medicare choose to purchase either Medicare supplement insurance (Medigap) or a Medicare Advantage Plan. You can find an introduction to these types of coverage below.

▶▶ **Review the introduction to Medigap and Medicare Advantage below.**

### **Introduction to Medicare supplement insurance (Medigap) and Medicare Advantage**

Medicare supplement insurance (also called Medigap) and Medicare Advantage Plans are two types of insurance available to people who have both Medicare Part A and Part B.

#### **What is Medigap?**

A Medigap policy is supplemental insurance that is sold by private companies to help pay for some of the health care costs that aren’t covered by Medicare like copayments and deductibles. If you have a Medigap policy, you will still have “Original Medicare.” This means that Medicare will pay its share of your covered health care costs and then your Medigap policy will pay its share. For example, Medicare will pay 80% for covered services from your doctor and the Medigap policy would cover the remaining 20%. If you have a Medigap policy, you can see any doctor who accepts Medicare.

**My Medigap Open Enrollment Period**

Look on your Medicare card to find out the effective date for your Part B coverage:

**My Part B coverage is effective on**

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Your Medigap open enrollment period will end 6 months after your Part B effective date:

**My Medigap open enrollment period will end on**

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**My Medicare Advantage Special Enrollment Period**

My employer-sponsored health coverage will end on

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Your Special Enrollment Period to buy a Medicare Advantage Plan will end 2 months after your health coverage ends:

**My Special Enrollment Period to enroll in a Medicare Advantage Plan will end on**

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You must have both Part A and Part B to purchase (and keep) a Medigap policy.

Other important things to know:

- Medigap policies do not cover prescription drugs. If you purchase a Medigap policy, you will need to join a separate prescription drug plan to get your Medicare drug coverage (Part D).
- If you have a Medigap policy, you do not need a Medicare Advantage Plan (like an HMO or PPO).
- The best time to buy a Medigap policy is during your 6-month Medigap open enrollment period. During this time you can buy any Medigap policy sold in your state, even if you have health problems. If you are 65 or older, this period automatically starts the first month you are enrolled in Medicare Part B.

To find out which companies sell Medigap policies in your area, visit the Medicare Plan Finder at [Medicare.gov/find-a-plan/questions/Medigap-home.aspx](https://www.Medicare.gov/find-a-plan/questions/Medigap-home.aspx). Or call your State Insurance Department.

**!** **WARNING:** *If you apply for Medigap coverage after your Medigap open enrollment period ends, the insurance company is allowed to deny you or charge you a higher premium based on your health.*

**What is a Medicare Advantage Plan?**

Medicare Advantage Plans, sometimes called “Part C,” are offered by private companies approved by Medicare. Medicare Advantage Plans include HMOs, PPOs, and Private Fee-for-Service plans. If you join a Medicare Advantage Plan, you still have Medicare, but you will get your coverage through the Medicare Advantage Plan and not from “Original Medicare.”

You must have both Part A and Part B to enroll in (and keep) a Medicare Advantage Plan.

Other important things to know:

- All Medicare Advantage Plans must cover all of the benefits available under Medicare Part A and Part B. However, plans can charge different costs and have different rules for how you get services (like whether you need a referral to see a specialist or if you have to go to certain doctors or hospitals).
- You must continue to pay your Part B premium while in a Medicare Advantage Plan.
- Many Medicare Advantage Plans include Medicare prescription drug coverage (Part D) and other benefits that Original Medicare doesn’t cover.
- If you have a Medicare Advantage Plan, you do not need a Medigap policy.
- You can enroll in a Medicare Advantage Plan during a two-month “Special Enrollment Period” that begins the month that you no longer have employer-sponsored health coverage. You can also enroll each year during the fall open enrollment period, which runs from October 15 to December 7.

To find out which Medicare Advantage Plans are available in your area, visit the Medicare Plan Finder at [Medicare.gov/find-a-plan](https://www.Medicare.gov/find-a-plan). Or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

▶▶ **You have completed Decision 2. Go to Decision 3 on the next page.**

**3**

**Decide Whether You Need Medicare Prescription Drug Coverage (Part D)**

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**Creditable Prescription Drug Coverage**

Contact your employer and ask if you have “creditable” prescription drug coverage then check which applies to you:

- I have creditable coverage and do not need Part D
- I do not have creditable coverage and need to enroll in Part D

Because Part A and Part B do not cover outpatient prescription drugs, you should consider whether to add Medicare prescription drug coverage (Part D). Part D is available to anyone who is enrolled in Part A or Part B (or both).

**Select the situation that will apply to you after you retire:**

**After I retire, I WILL be eligible for prescription drug coverage from my (or my spouse’s) employer.**

If you are considering prescription drug coverage from a former employer, contact the employer to determine if you have “creditable” coverage. (“Creditable” coverage means that your coverage is expected to pay, on average, as much as the standard Medicare prescription drug coverage.) If you’re not sure, ask your employer or union benefits manager if the employer’s prescription drug coverage is “creditable.” They are required to provide that information in writing if you ask.

**NOTE:** Keep any letters from your employer about whether their coverage is “creditable.” You may need it later if you decide to enroll in Medicare prescription drug coverage.

You should consider purchasing Medicare prescription drug coverage (Part D):

- If your employer does not have “creditable” prescription drug coverage
- Or, if you decide not to take prescription drug coverage from the employer

You can find an introduction to this coverage on the next page.

**!** **WARNING:** If you decline employer retiree coverage or enroll in other coverage, you may not be able to change your mind and enroll in your retiree coverage later. It is important to talk to the employer before making a decision.

**!** **WARNING:** If you don’t have other “creditable” prescription coverage AND you don’t sign up for Medicare Part D drug coverage, you may have to pay a late enrollment penalty if you enroll in Part D later. This lifetime penalty increases for each month you go without Part D or other coverage. And, you can only enroll during certain times of the year, which may cause a gap in your coverage.

▶▶ **You have completed the fact sheet. But more help is available. Contact the resources on page 9 if you have questions or want more information about Medicare.**

- After I retire, I will NOT be eligible for prescription drug coverage from my (or my spouse's) employer.**

If you do not have other drug coverage, you should consider purchasing Medicare prescription drug coverage (Part D). You can find an introduction to this coverage below.

**!** **WARNING:** *If you don't have other "creditable" prescription coverage AND you don't sign up for Medicare Part D drug coverage, you may have to pay a late enrollment penalty if you enroll in Part D later. This lifetime penalty increases for each month you go without Part D or other coverage. And, you can only enroll during certain times of the year, which may cause a gap in your coverage.*

▶▶ **Review the introduction to Medicare prescription drug coverage below.**

### **Introduction to Medicare Prescription Drug Coverage (Part D)**

There are two ways to get Medicare prescription drug coverage:

- If you join a Medicare Advantage Plan (like an HMO or PPO), you usually must get your Medicare drug coverage through that plan.
- If you don't have a Medicare Advantage Plan or if you have a certain type of other Medicare health plan (some Medicare Cost Plans, some Medicare Private Fee-for-Service (PFFS) Plans, and Medicare Medical Savings Account (MSA) Plans), you can join a separate, stand-alone prescription drug plan.

You can enroll in Medicare prescription drug coverage during a two-month "Special Enrollment Period" that begins the month that you no longer have employer-sponsored prescription drug coverage. You can also enroll in drug coverage each year during the fall open enrollment period, which runs from October 15 to December 7.

To find out which Medicare drug plans are available in your area, visit the Medicare Plan Finder at [Medicare.gov/find-a-plan](https://www.medicare.gov/find-a-plan). Or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

▶▶ **You have completed the fact sheet. But more help is available. Contact the resources on the next page if you have questions or want more information about Medicare.**

#### **My Part D Special Enrollment Period**

*My employer-sponsored prescription drug coverage will end on*

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*Your Special Enrollment Period to buy Medicare Part D drug coverage will end 2 months after your coverage ends:*

**My Special Enrollment Period to enroll in Part D coverage will end on**

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### Where can I get more information or help?

For more information, you can:

- Contact your local **State Health Insurance Assistance Program (SHIP)** to get free personalized help making decisions about your health coverage. To get the number for your local SHIP, call 1-800-MEDICARE.
- Get information from Medicare:
  - Contact **1-800-MEDICARE** (1-800-633-4227). TTY users should call 1-877-486-2048.
  - Visit the Medicare web site at **Medicare.gov**.
  - Look at the most recent **“Medicare & You”** handbook. If you don’t have the most recent Handbook, you can download it on Medicare.gov or request a copy by calling 1-800-MEDICARE.
- Call **Social Security** at 1-800-772-1213. TTY users should call 1-800-325-0778. You can also visit SocialSecurity.gov.
- Contact your employer or union benefits manager.

#### **My Employer or Union Benefits Manager**



*I can reach my employer or union  
benefits manager by calling*

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