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## GETTING READY TO RETIRE

### WHEN SHOULD I ENROLL IN MEDICARE?



The decision to enroll in Medicare depends on your situation. If you get insurance through your current employer or your spouse's employer you might not want to enroll in any or all parts of Medicare.

If you cannot get insurance through a current employer, you need to enroll in Medicare or risk paying a penalty.

Before making decisions to retire it is important to understand the health insurance options available to you (and your spouse if you are married). Your options depend on:

- Your age
- Your spouse's age
- Whether you or your spouse are eligible for Medicare
- Whether you and your spouse will continue to be employed and have health insurance from your employer
- The number of employees where you and your spouse are employed

#### RETIRING BEFORE AGE 65

##### What if I retire before age 65?

Medicare does not begin until age 65 for most people so if you plan to retire before age 65

you need to know your options for health coverage. Your employer may provide you with continued health coverage when you retire.

If you work for a **public employer** in Iowa such as a public school, city or county government, you may choose to continue the employer group health coverage until you are 65. Your spouse may also be covered under a family policy until you, the retired employee, reach age 65.

State of Iowa retirees and their spouses should consult the Department of Administrative Services – Human Resource Enterprise website at [benefits.iowa.gov](https://benefits.iowa.gov) for benefits available to retired employees and their spouses.

A nonpublic employer may choose to offer you continued coverage under a retirement health plan. Check to see how long the employer coverage continues.

If your spouse is still working, you may be able to continue coverage or become enrolled in his/her employer group health plan.

If you're retired, not yet Medicare eligible and need health coverage, you can use the Marketplace to buy a health insurance plan. Contact SHIIP to request the fact sheet *Medicare and the Health Insurance Marketplace* at 800-351-4664 (TTY 800-735-2942).

If you will not have a retirement plan, you may be able to continue your group health insurance under the COBRA law.

Is COBRA an option for you?  
**Federal COBRA law applies to employers with 20 or more employees. This law allows you to continue your coverage under the employer group health plan for up to 18 months. COBRA will end sooner if you become eligible for Medicare. In some cases a spouse may have coverage for a longer period. Call SHIIP at 1-800-351-4664 for more information.**

**Iowa law requires employers with fewer than 20 employees to allow you to continue your coverage under the employer group health plan for up to 9 months after retirement. This law only applies to group health plans issued in Iowa. It does not apply to self-insured plans. Call the State of Iowa Insurance Division at 1-877-955-1212 for information.**

## RETIRING AT AGE 65 AND NO WORKING SPOUSE

What happens when I am ready to retire at age 65?

When you are ready to retire at age 65 and you

and your spouse are not working:

- Medicare is your primary insurance regardless of any other health insurance you have.
- You should enroll in Medicare Part A and B. If you don't enroll at this time, you may pay a higher premium later.
- If you have retirement health insurance it will pay after Medicare.
- If you need a Medicare Supplement policy, you will have a six-month open enrollment to buy any supplement from any company that sells in Iowa. This enrollment opportunity begins when your Part B coverage starts.
- If you do not have drug coverage, you need to enroll in a Part D plan to avoid paying a higher premium later.

## AGE 65 OR OLDER AND YOU OR YOUR SPOUSE WORKS

What if I will continue to have health insurance through active employment?

Many people are working past age 65. If you or your spouse is actively employed and covered by a group health plan when you turn 65, then you will have some decisions to make about your health insurance.

You are **not** required to enroll in Medicare Part A or Part B if you have coverage through your or your spouse's current employer.

If you choose to continue to work beyond age 65 or your spouse is working and the employer has **20 or more employees**, you and your spouse must be allowed to continue any health insurance coverage you had before age 65. The employer health plan based on **active** employment will be the first payer on claims.

Employers with **less than 20 employees** are not required to continue your health

coverage when you become eligible for Medicare. If they do, you need to check the insurance contract to see if your employer insurance will be primary.

When the person carrying the employer insurance is no longer working, or employer coverage is dropped during active employment, you will need to sign up for Part B. At that time you won't have to pay a higher premium, even though you are past age 65.

If you and/or your spouse are enrolled in Medicare before retiring, employer group health coverage can be continued under the COBRA law when you retire. Medicare will pay first when you retire. You will continue to pay the full premium for the employer plan, and it will supplement your Medicare. It is necessary to enroll in Part B when you retire, or you may pay a higher premium later.

## ENROLLING IN MEDICARE

There are some things to keep in mind when deciding if you should enroll in Medicare.

### Medicare Part A

- For most people, Part A does not charge a premium.
- If you are already receiving Social Security or Railroad Retirement benefits when you turn 65 you will automatically be enrolled in Part A.
- If you are not getting Social Security or Railroad Retirement benefits when you turn 65, you will not be automatically enrolled in Part A.
- Enrollment in Part A triggers your eligibility for Medicare Part D drug coverage. Check if your employer drug coverage is creditable (at least as good as Medicare coverage). If it is creditable you don't need to enroll in Part D.

If you have a Health Savings Account (HSA)

**You may want to delay Medicare if your employer insurance is a qualified high deductible plan with a Health Savings Account (HSA). If you and your employer contribute to your HSA while you are enrolled in Medicare Part A or Part B you could face IRS penalties. If you choose to delay Part A at age 65, when you do enroll your Part A effective date will be backdated up to six months or your 65th birthday month whichever is less. This determines when you should stop contributing to your HSA. Your spouse going on Medicare does not affect your ability to contribute to your HSA.**

### Medicare Part B

- Everyone pays a monthly premium for Part B.
- If you are already receiving Social Security or Railroad Retirement benefits when you turn 65 you will automatically be enrolled in Part B.
- If you are not getting Social Security or Railroad Retirement benefits when you turn 65, you will not be automatically enrolled in Part B.
- You can delay Part B if you or your spouse is **actively employed** and you are covered by a group health plan through the employer of the actively employed person.
- It is important to understand that even though you can delay your Part B enrollment, if your employer has **less than 20 employees** they may choose to pay secondary when you are eligible for Medicare.

- Enrolling in Part B will also start your Medicare **six-month open enrollment** period. During this one-time open enrollment you can buy any Medicare Supplement from any company that sells in Iowa.
- When you are age 65 or older and you **do not** have employer insurance based on ACTIVE employment, you need to enroll in Part B to avoid paying a penalty.

### Medicare Part D

- Everyone pays a monthly premium for Part D unless you qualify for Extra Help.
- As long as you have “creditable coverage”, you do not have to enroll in a Part D plan. Creditable coverage means your prescription drug coverage is as good as, or better than, a standard Part D plan. Check with your HR department to verify if your prescription policy is creditable coverage. If not, you need to enroll in Part D to avoid paying a penalty in the future.
- Typically, prescription insurance through work and other sources like VA offers better coverage than what you can get through Medicare. For this reason, most people wait until their work coverage ends to enroll in Part D.

### Enrolling in Medicare Part A and Part B

There are several ways you can enroll in Medicare Part A and Part B:

- Call or visit your local Social Security office
- Call the national Social Security number 1-800-772-1213
- Enroll online at [www.socialsecurity.gov](http://www.socialsecurity.gov) (If you have already enrolled in Part A, you cannot enroll in Part B online)

Once you get your Medicare card, protect it like you do your bank card. If individuals call and ask for your Medicare information, hang up. You can report a lost or stolen Medicare card to **1-800-Medicare**. If you think you have been a target of Medicare fraud, such as someone billing your Medicare number for unexplained charges, call the Iowa Senior Medicare Patrol at **1-800-351-4664**.

### How do I pay my premium?

If you are receiving Social Security benefits, your Part B premium will be automatically deducted. If you are not receiving Social Security benefits, you will be sent a bill and will need to make your payment.

**SHIIP CAN HELP** For reliable and objective answers call the Senior Health Insurance Information Program or SHIIP at 1-800-351-4664 (TTY 1-800-735-2942) or email [SHIIP@iid.iowa.gov](mailto:SHIIP@iid.iowa.gov). A service of the Iowa Insurance Division, SHIIP can help you compare Medicare options and answer your questions. You can also visit our website at [shiip.iowa.gov](http://shiip.iowa.gov)



## Navigating Medicare

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