When I’m Sixty-Four:
Should I choose to take Medicare if I’m still working?
If I’d been out till quarter to three  
Would you lock the door?  
Will you still need me  
Will you still feed me  
When I’m sixty-four?  
~The Beatles, “When I’m Sixty-Four”

Researchers from the Center for Retirement exploring the relationship between early retirement and Medicare found that those individuals who did not have access to retiree health benefits were more likely to claim Social Security at age 65 so that they could receive government health benefits and less likely to postpone their retirement until they reached full retirement age. But for those with a choice, 65 can be kind of a murky age.

The Beatles don’t have a lock on questions about what will happen after hitting 64 years of age. It’s not so much that 64 is a magical age except that three months prior to hitting 65, there are some fairly important questions to ask yourself about Medicare and you’ll have a mere seven months to act on your answers. Of course, those questions become more complicated if you expect to join the nearly 40 percent of people who plan to work past 65 or the approximately 10 percent of people 65 and over who have a spouse whose employee benefits include paying for spousal health benefits.

**Who qualifies for Medicare?**

If either you or your spouse worked for at least 10-years in Medicare-covered employment, you are 65 or older (or have an SSDI-disability) and are either a citizen or a permanent resident of the United States you are eligible for Medicare. If you are eligible for Social Security, you are automatically eligible for Medicare benefits beginning with the first month that you turn 65.

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About three months prior to turning 65, Medicare will send you a letter with a username and password for MyMedicare.gov. Because Medicare doesn't automatically know that you have other coverage, you should fill out your Initial Enrollment Questionnaire (IEQ). That form will ask if you have coverage through work or a family member's work.

If your health coverage information changes after you have filled out the IEQ, call a Medicare Coordination of Benefits Contractor at 1-800-999-1118 to report what change has occurred and why.

If you already receive Social Security Benefits
If you filed for your Social Security benefits prior to age 65 and are receiving benefits, you will receive Medicare Part A benefits automatically beginning the first day of the month that you turn 65. At the time that you become eligible for Medicare Part A you become eligible for Part B and Part D unless you opt out. Medicare Part B has a monthly premium that is based on your income and begins at around $100 a month. Medicare Part D also has premium payments. Please ask for our white papers on Medigap, Medicare Supplement and a comparison of benefits for those programs for information on those benefits.

If you haven’t claimed your Social Security benefits
If you qualify for Social Security benefits but have chosen not to begin collecting benefits yet, you must apply separately for Medicare Part A benefits at which point you will be automatically enrolled in Part B unless you opt out. Most people who opt out of Part B do so because they have creditable coverage through an alternative source such as employment.

When might you choose to not receive Medicare benefits?
During your Open Enrollment period, you have a seven month period for signing up for Medicare to avoid being penalized for late enrollment. However there are times that you might choose not to receive Medicare benefits and can safely do so without paying a penalty (you may still be penalized however by not having the range of options that were available during Open Enrollment).

If you are still working
If you’re still working and have chosen not to receive Social Security benefits yet, enrollment for Medicare is not required in a few cases. Individuals who are still working and receiving group medical benefits, either through their employer or through a union, and that plan compares with the Medicare coverage, may choose to hold off on signing up and still avoid any penalty provided other criteria are met. When you do retire, you’ll have a special eight-month period from when your coverage ends through your previous employer to sign
up for Part B without penalty. Federal law requires employers provide Medicare eligible employees with the same benefits that they provide for employees under the age of 65. The same is true if the employer offers coverage for spouses.

If you choose to have both Medicare and your employer’s insurance and your employer has more than 20 employees covered on their plan, your employer’s plan would become the primary payer and Medicare would become the secondary payer.

You must enroll in Medicare Part A and Part B if your employer has fewer than 20 employees covered on their plan. In such a case Medicare pays claims first and your employer’s insurance becomes your secondary insurance. If you don’t enroll, your employer’s plan can refuse to cover you for services that would have been covered under Medicare leaving you to hold the bag.

Be aware that if you enroll in Part A or Part B, it will start the clock rolling on your Part D (drug benefit). If you have “creditable” prescription coverage (coverage that is equal to or better than Medicare) you may delay the Part D portion of coverage without penalty.

You can also drop your employer’s coverage and move to Medicare. Talk to your employer and compare your employer’s benefits and premiums to Medicare’s. Ask your employer if you can drop its prescription drug coverage without losing your other supplemental insurance. Be aware that dropping any insurance may make you unable to get your insurance back.

If a family member is working and has you on their coverage
If you have coverage through someone else’s plan, you will still want to have Plan A. You can delay Plan B and sign up for later during a Special Enrollment Period. Before doing so however, you should make sure that your group health coverage is in effect before dropping B. If you drop Part B after you turn 65, you won’t get another Medigap open enrollment period.

When might you choose to receive Medicare benefits?
During your Medicare Open Enrollment period there are no medical underwriting considerations and you can enroll in any Medicare supplement plan available in your state. Even if you are adequately covered by your employer’s health plan it may still be in your long term interests to have Medicare. For one thing although you’ll be able to apply for Medigap coverage if you enroll later, you won’t get another Medigap Open Enrollment opportunity. As a result, medical underwriting will apply and you may not be able to qualify for the plan that you want.

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You don’t have to opt out of Medicare if you still want to continue with your employer’s plan. If you choose to go with both plans, your private plan would continue its current coverage and Medicare will become the secondary payer on your insurance claims effectively increasing your coverage in areas that your private plan doesn’t cover.

**VA Benefits and Medicare**

If you are a veteran who already is accessing VA benefits, Medicare augments the benefits you already receive under the VA, providing more flexibility and expanding your coverage area to facilities outside the VA facilities.

**Penalties**

Medicare charges penalties for signing up late for any of its parts. The fees differ from one to the other.  

*If you opt out of Part A*

Medicare Part A is free for about 98 percent of the population because either you or your spouse paid Medicare tax while you were working. Those people who did not work or did not work long enough may have to pay a premium. If you did not sign up for Part A during your enrollment period, you will be charged a 10 percent penalty for twice the number of years you didn’t enroll but were eligible to enroll (i.e. four years of penalty for postponing enrolling two years).

*If you opt out of Part B*

Staying enrolled in Medicare Part B is not required if you had health insurance through your job or through a spouse’s job. You can limit your Medicare coverage to just Part A which is generally premium-free. If you opt out of Part B, contact Social Security at 800-772-1213 and ask if you can turn down Part B without any penalties. Be sure to note who you spoke to, the date you spoke to them and what they said.

If you don’t sign up within your initial enrollment period or during a special enrollment period, your monthly premium for Part B will increase 10 percent for each 12-month period you were eligible for it but didn’t enroll.

*If you opt out of Part D*

Generally you are considered late if you did not sign up for Part D within three months after getting Part A or Part B. There is no penalty if you are eligible for Extra Help or if you had other drug coverage at the time, either through an employer, a spouse’s employer, retiree coverage or the VA.

The penalty is 1 percent of the average monthly prescription drug premium times the number of months you were late, rounded to the nearest 10 cents. The penalty runs for as long as you have prescription drug coverage. In 2014, it amounted to 32 cents times the number of months late. That doesn’t sound too bad but as each year comes, the average is likely to increase and so is your penalty. Over time, the penalty can add up.

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About AgingOptions

AgingOptions is a holistic elder care company helping families plan for, pay for, and coordinate the long-term care of elderly loved ones.

AgingOptions’ services are geared towards retirees and those thinking about retirement and concerned about:
• Losing independence & having to move to a nursing home.
• Losing your assets to uncovered medical or long term care costs.
• Becoming a burden on your loved ones.

AgingOptions
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