



## Do I Need to Enroll in Medicare When I Turn 65?

Spring 2005

Most people are confused about when to sign up for Medicare and what it really covers. We keep current in this because we sell Long-Term Care Insurance and many people mistakenly believe that Medicare will meet all their needs. When eligible people are close to age 65 Medicare will contact them. Eligible people may also include those who are receiving Social Security Disability, Railroad Retirement Disability or have End Stage Renal Disease. Individuals over age 65 who are not eligible for Social Security (by marriage or work experience) are not eligible for Medicare, but may be allowed to purchase Medicare coverage from the federal government if they have resided in the United States for at least five years.

There are now several parts to Medicare coverage. Most people are familiar with Parts A & B. Parts C & D have recently been added. Part A is free to individuals who have paid sufficient Medicare taxes under the Federal Insurance Contribution Act (FICA). Part A pays for Medicare-approved hospital expenses (some limited skilled nursing care, home health care and out-patient hospice care). Part B requires a premium to be paid to Medicare and includes coverage for Medicare-approved physician services, outpatient hospital services, durable medical equipment, and rehabilitative home care services. Both parts require Medicare approval of services for benefits to be paid by Medicare. Part C was called "choice" is now Medicare Advantage, it covers the same services that are covered under A and B. You can elect to have either the original Medicare A & B or the Part C Plan (HMOs). With Part C you still pay the Part B premium, but the additional HMO premiums are usually lower and additional services are provided at a lower cost. The newest coverage is Part D and it is additional coverage for prescription "D"rugs through discount cards [soon (2006) to be replaced by paying an additional Medicare premium (\$35 per month) and a new deductible (\$250)].

Here is how Medicare Part B works for actively working employees reaching age 65. If the employee works for an employer with 20 or fewer employees they must elect Medicare Part B upon turning age 65 or pay a 10% premium penalty for each year that Part B coverage is waived because their group coverage is by law not primary for them. For example, the employee was eligible for Medicare in the year 2005 but waived Part B coverage. In the year 2008 Part B coverage is elected. There will be now be a 30% additional premium charged for Part B coverage (10% for each year coverage was waived). This person can only enroll in Medicare Part B between January 1 and March 31 of each year with an effective date of July 1. However, if an actively working employee reaches age 65 and works for an employer with more than 20 employees the employee can, without penalty choose the employer's Group Health Plan as primary (Medicare can be secondary) but you should enroll in Part A at 65. Upon leaving employment the individual (and covered spouse) will have an 8-month window in which to enroll in Medicare Part B without penalty. This is called a "Special Enrollment Period."

This information is provided as an overview only and Medicare rules are subject to change. Contact Medicare for full details at the Medicare help line 1-800-633-4227. Remember, Medicare offers only limited coverage for **Medicare-approved** home health care and nursing home care. Your employer-approved long-term care insurance plan will fill these coverage gaps if you elect to purchase this type of protection. Call today for a private consultation for yourself, and your family (800-613-4021) or visit our website to request a LONG TERM CARE INSURANCE quote at [www.lidke.com](http://www.lidke.com).