Help Clients Working Past 65 Switch to Medicare.

What you need to know about making the switch to Medicare:

- Financial advisors should encourage clients to start planning when they are about to turn 65. This is true no matter when they want to retire.
- The switch from employer-sponsored insurance to Original Medicare must be carefully managed to avoid unnecessary costs and lapses in coverage.
- Employer plans may refuse to pay your client's claims if they are eligible for Medicare. This can lead to much higher out-of-pocket costs.
- Most people do not pay a premium for Medicare Part A. So your clients should consider signing up when they turn 65. The decision to delay Medicare Part B is more complicated.
- Clients who delay signing up for Medicare may face late enrollment penalties. These are added to their monthly premiums.
- Your client can delay getting Medicare prescription drug coverage if they have coverage through their employer. But Medicare must consider it to be "creditable."
- Your clients may have to pay income-based surcharges on Medicare premiums.
- Healthpilot will help your client find the right plan to cover the costs Original Medicare won't pay

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If you have clients who plan on working past 65, they can switch to Medicare Part A and B (Original Medicare) when they become eligible. Or they can delay enrollment and stay on their employer health plan. When they retire, they will have a chance to enroll in Medicare Part A and B with no late enrollment penalty.

How (and when) should your client switch?

Let's look at the basics of how to switch to Medicare safely from employer-sponsored insurance. If your client enrolls in Original Medicare while still covered by an employer plan, Medicare and employer insurance will work together. One will be the primary payer, and the other will be the secondary payer. After medical services are received, the primary insurance will pay first. The secondary payer will cover some, if not all, of the remaining costs.

So what can happen to people who don't make a smooth transition from employer coverage to Medicare? Three things.

1. **They could have insufficient coverage for a time.** That could be a problem if they get sick.
2. **They might have to pay higher Medicare premiums or late enrollment penalties.** We'll show you how to minimize premiums and avoid late fees.
3. **A family member covered by their current plan could have insufficient coverage.** Medicare is for individuals only. If your client needs coverage for a spouse or children, they should probably stay with their employer's plan.

Fortunately, you and your client can avoid these mistakes with a little planning. Here is how clients working past 65 can switch to Medicare safely.

1. Start planning before turning 65.

The best time to plan enrollment in Medicare Parts A and B is when they are about to turn 65. That's when most people first become eligible. But some people under 65 may qualify for Medicare if they become disabled or are diagnosed with certain health conditions.

The Initial Enrollment Period is a seven-month period. It starts three months before your client turns 65 and ends three months after. Clients who start planning at 66 or 67 may have already missed their best opportunity for the lowest possible premium and uninterrupted coverage.

Make sure you have coverage every month.
Clients who delay signing up for Medicare Parts A and B should make sure they have health insurance coverage every month. If they go even a single month without coverage, it can complicate their transition to Medicare later.

2. Decide when to sign up for Original Medicare.

When should your clients enroll? It depends which part of Original Medicare we're talking about, Medicare Part A or Part B.

Medicare Part A: Sign up immediately when eligible.

Medicare Part A covers hospitalization. Clients who worked and paid FICA taxes for at least ten years won't have to pay a premium for Medicare Part A. So, there is no reason not to sign up — even if they plan on working past 65.

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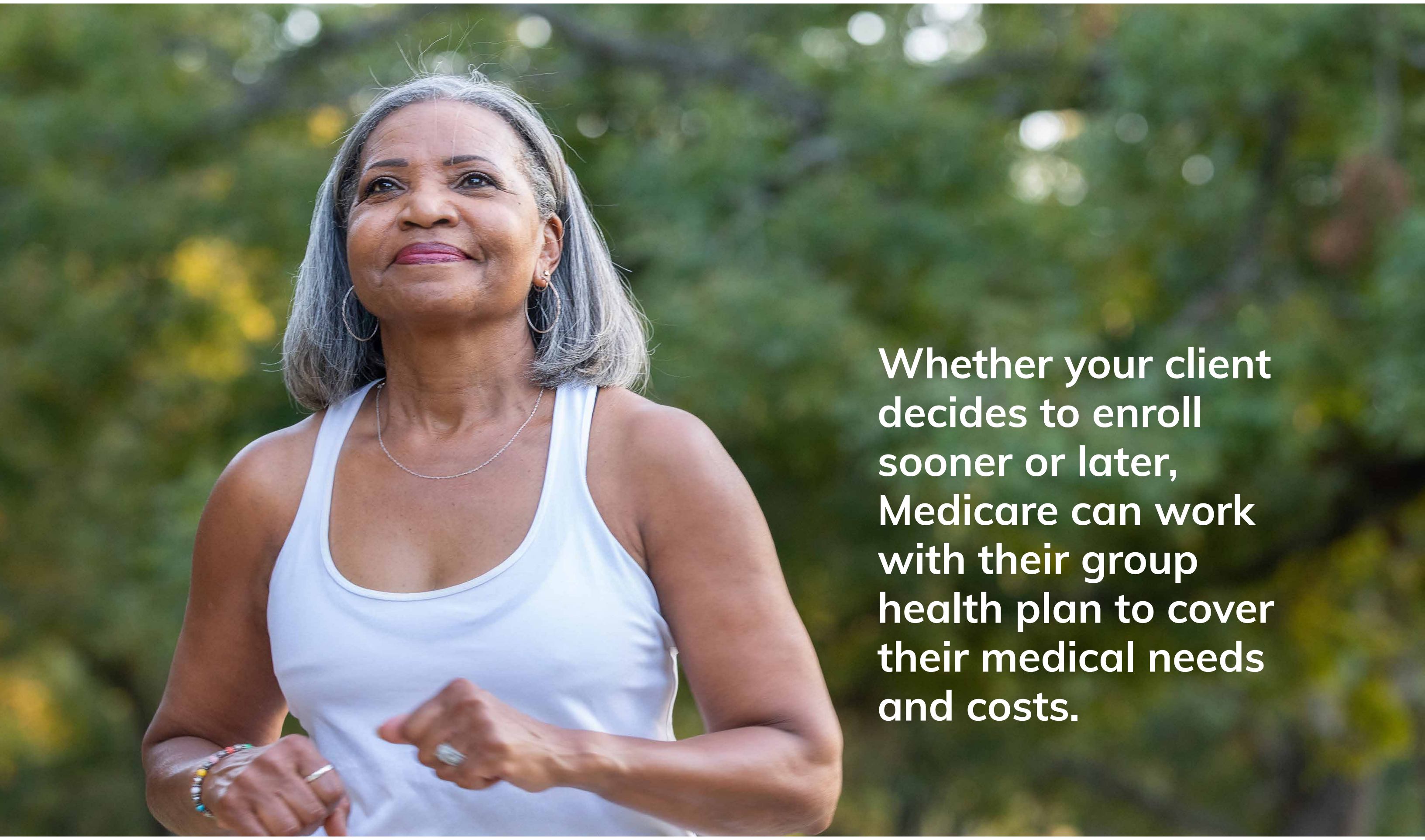

Medicare Part B: It depends on the size of the employer (and client needs).

Medicare Part B covers doctor visits, outpatient services and various other costs. Most people must pay a premium for Medicare Part B. That doesn't mean your client should try to avoid the Part B premium by staying with their employer's plan. The key to whether your client should consider delaying Part B is the number of employees at your client's workplace.

Fewer than 20 employees? Sign up for Part A and Part B at 65.

If your client works at a company with fewer than 20 employees, they should consider signing up for Medicare Part A and Part B when they first become eligible.

In this case, Medicare is the primary payer.

When your client works for a company with fewer than 20 employees, Medicare is the primary payer. Your client's employer plan is the secondary payer. The employer plan may require your client to obtain Medicare Part B. Without Part B, claims that would have been billed first to Medicare will be billed to the employer plan. But the employer plan can refuse to pay, leaving your client to pay all or most of the cost. Enrolling during the Initial Enrollment Period also ensures the lowest possible Part B premium.

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20 or more employees? It could be better to delay Part B.
These clients can stay on their employer health plan and avoid the Part B premium for now.

Just because your client can delay enrolling in Part B doesn't mean it's a good idea. That's true even if they can do so without paying higher premiums or penalties. Many people working past 65 choose to sign up for Part B. Medicare may cost less than employer coverage. And it may offer a greater choice of plan options. Your client can use Healthpilot to help with this decision. After you send them an online referral, they can find the right Medicare plan for their needs on Healthpilot. Then they can compare the plan benefits and costs they view on Healthpilot to those of their employer plan.

If your client decides to enroll in Original Medicare, there will probably be a time when they have both forms of insurance. Because their company has 20 or more employees, the employer coverage will generally be the primary payer. Then Medicare will be the secondary payer.

The Special Enrollment Period.
What happens when clients who delayed enrollment in Part B are ready to enroll? To switch to Medicare safely, they must enroll during their Special Enrollment Period (SEP). This is an eight-month period that starts the month after employer coverage ends. To enroll in Part B, they will need to complete form CMS-40B. The employer will have to complete form CMS-L564. It is best to enroll earlier during the SEP. It's also a good idea for clients working past 65 to keep records of their health insurance coverage. If their employer is unable to complete form CMS-LF564 for any reason, your client will need to prove they had employer group coverage while they were delaying enrollment in Part B.

Be aware that those who miss their Special Enrollment Period can be assessed a late penalty. They will also have to wait for the General Enrollment Period that occurs annually from January through March. If your client enrolls in Medicare Part A or B during the General Enrollment Period, their coverage will not be effective until July 1. This could leave them with not enough coverage until that date..

IRMAA surcharge on Part B and Part D.
The Income Related Monthly Adjustment Amount (IRMAA) is a surcharge based on your client's income. It is added to their monthly Medicare Part B and Part D premiums. The Social Security Administration determines whether your client must pay this surcharge and how much it will be. To do this, they use the income reported on your client's tax filing two years before enrollment. Ask your clients what they are paying for IRMAA so you can include this cost in your financial planning.

3. Decide whether their employer's prescription drug coverage is right for them.

If their employer-sponsored prescription drug coverage is creditable, your client can delay this coverage from Medicare. To enroll in a Medicare Part D Prescription Drug Plan, they must first enroll in Medicare Part A or Part B.

4. Plan to stop contributing to a Health Savings Account.

Once your client enrolls in Original Medicare, they are not allowed to contribute to a Health Savings Account (HSA). If they do, they will incur a tax penalty. They may want to stop contributing to their HSA about six months before they plan to sign up for Medicare Part A. They can use the funds they've saved for health expenses for the next six months and even after they join Medicare.

5. Get the right additional coverage.

After they enroll in Original Medicare, your clients can consider a Medicare Advantage Plan, Medicare Supplement Insurance or a Medicare Part D Prescription Drug Plan. Healthpilot will search available plans in their area to find the right plan for their specific needs. Then they can enroll right on Healthpilot. Their new plan could save them thousands compared to Original Medicare.

Medicare Advantage Plans

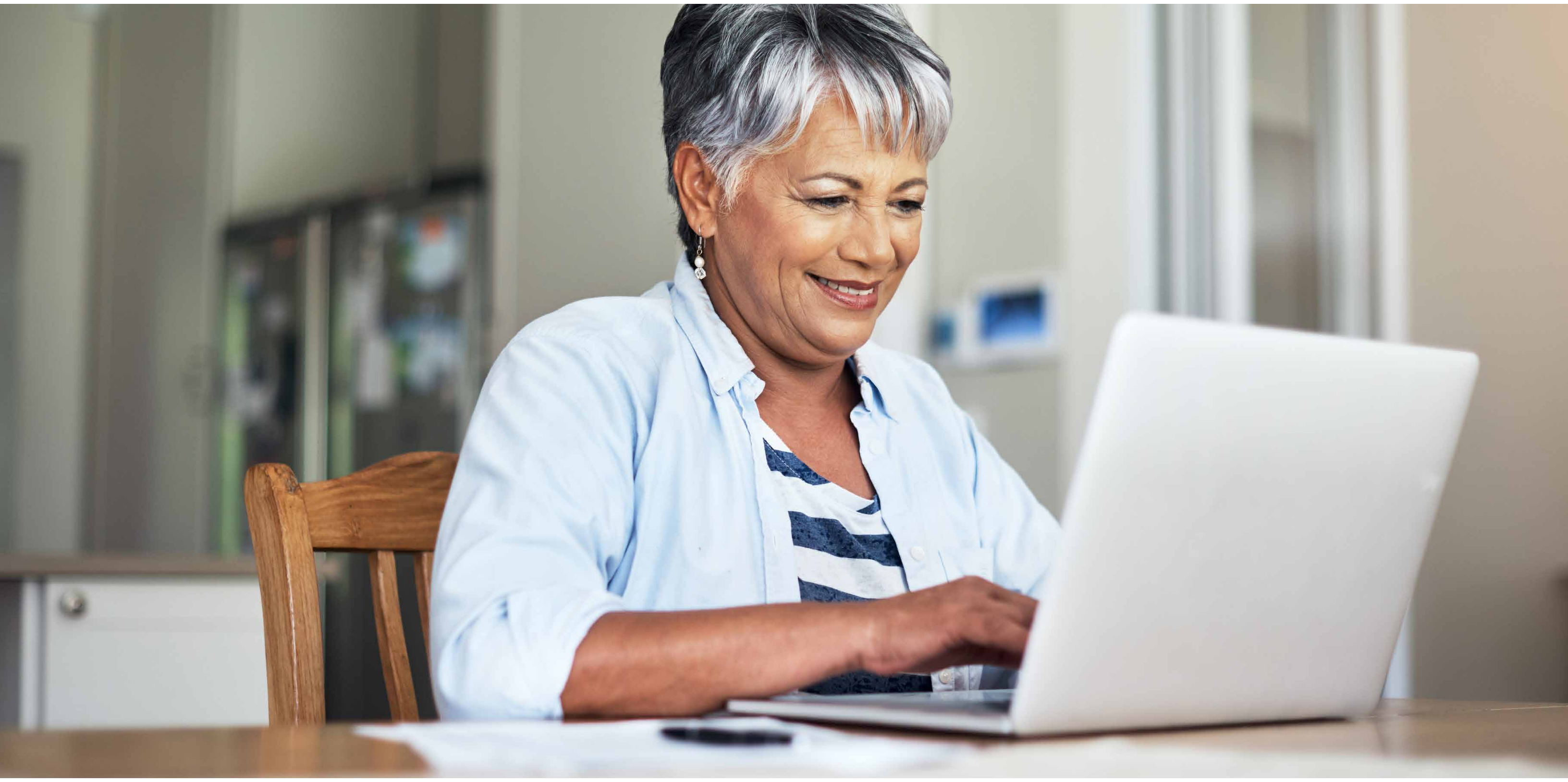
Also known as Medicare Part C, Medicare Advantage, is an “all in one” alternative to Original Medicare. This includes coverage from Medicare-approved private insurance companies. Medicare Advantage offers all the services covered under Part A and Part B. It may also include Medicare Part D prescription drug coverage and extra benefits like routine dental and vision care.

When to enroll in Medicare Advantage.

Your clients can enroll in a Medicare Advantage Plan during their Initial Enrollment Period. Remember, your client has to sign up for Medicare Parts A and B before they can enroll in a Medicare Advantage Plan.

Medicare Supplement Insurance (Medigap)

Medicare Supplement Insurance works alongside Medicare Parts A and B. It helps pay your client’s share of medical expenses like co-pays, deductibles and coinsurance. These policies are offered by private insurance companies to supplement Original Medicare coverage. Some Medicare Supplement Insurance policies also cover care when traveling outside the U.S.



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When to enroll in Medigap.
The best time to enroll in a Medigap policy is during the Medigap Open Enrollment Period (OEP). This starts when the client's Medicare Part B coverage goes into effect and ends six months later. Those who apply for Medigap after their Open Enrollment Period may face higher premiums. Or they may be denied Medigap coverage completely due to their health status.

Part D Prescription Drug Plans.
Medicare Part D plans cover prescription drugs. These are optional and offered to everyone with Medicare. They are available as astand-alone plan or bundled with a Medicare Advantage Plan.

When to enroll in Part D.
Your clients can enroll in a Part D Prescription Drug Plan during their Initial Enrollment Period. If your client delayed enrolling in Part D, they will have two months after the month their employer coverage ends to sign up.

Talk to your clients about switching to Medicare safely.

For clients working past 65, the decision to delay Medicare enrollment should be considered carefully. Whether your client decides to enroll sooner or later, Medicare can work with their group health plan to cover their medical needs and costs. The key is to make a plan. That's why we've created a version of this article to share with your clients. Send them an online referral to Healthpilot, Include a link to the article and invite them to discuss how to switch to Medicare safely.

Learn more about Healthpilot for financial advisors and set up your Healthpilot account today!

Let's talk about what partnering with Healthpilot can do for your business. Email our Healthpilot Partner Success Team at **advisor@healthpilot.com**.