

Prepare for Medicare: A Guide for First-Timers

Medicare is a program that includes several different forms of health care, some of which are provided by the federal government and some by private insurers. As a result, it can be a fairly complicated program to understand.

If you're nearing retirement age, you'll have some decisions to make about which programs you choose to participate in – and pay for. Perhaps the best place to start is understanding when you become eligible for coverage.

WHEN DO I HAVE TO SIGN UP?

Your Initial Enrollment Period in Medicare is the seven-month period around the time that you turn 65. Technically, it includes:

- The month you turn 65
- The three full months before the month you turn 65
- The three full months after the month you turn 65

There are exceptions to this window for those who are still working, and there are opportunities to enroll later in life as well. In some cases, though, you can end up paying higher rates by delaying enrollment.

WHAT PROGRAMS DO I WANT TO PARTICIPATE IN?

Medicare consists of five major parts:

Part A covers institutional care in hospitals and skilled nursing facilities, as well as some home and hospice care. As soon as you reach the age of 65, you're eligible for Part A – usually at no cost.

While signing up for Part A may seem like an easy decision, doing so can have ►

Prepare for Medicare: A Guide for First-Timers *continued*

other repercussions. For example, being covered under Part A means you're no longer eligible to contribute to a Health Savings Account.

Part B basically covers outpatient care, such as office visits and diagnostic tests, as well as some preventative services. If you are collecting Social Security, you are automatically enrolled in Part B unless you opt out. Part B does involve a premium – for 2022, the standard monthly premium is \$170.10, although it varies based on your income.

You can sign up for Part B when you turn 65 along the same lines as the schedule above. But if you still have creditable health care coverage through an employer or your spouse's employer, you can decline Part B. After you retire or otherwise separate from that employer and lose that insurance, you have an eight-month "special enrollment period" to sign up for Part B.

Part D is insurance offered by private insurers that covers prescription drugs. These plans are privately run and require a separate premium, but they are regulated by the federal government to keep your costs reasonable. There are a wide variety of Part D plans that cover different drugs and have varying premiums, so you'll want to shop around for the best fit for you. Part C, also called Medicare Advantage, offers hospital and medical coverage along with additional benefits that you don't get with basic Medicare, like vision, hearing and prescription drug coverage. They're offered through private insurers, so the costs vary, but your out-of-pocket expenses are capped by federal law. Since most Part C plans cover prescriptions, you would likely not need Part D as well.

Medigap Coverage is not technically part of Medicare, but is a commonly purchased supplement to your Medicare coverage. Medigap policies are sold by private insurers and help cover some of the costs that Medicare doesn't, like copayments and deductibles. Given the number of Medigap plans that are out there, it's important to shop around among these plans to determine which type of supplement would be best for you.

IF I'M NOT ELIGIBLE YET, WHAT SHOULD I DO NOW?

First, make a note of the specific dates when you want to enroll: The open periods for the various enrollment periods can be complicated, and there can be penalties for missing them. Take time to research your needs for the various parts – if you expect to still be working, for example, you may not want Part B right away. You should also carefully investigate the offerings around Parts C and D, as well as Medigap Coverage, to find the right combination of coverage for your situation.

Please reach out if you or anyone you know would benefit from discussing this topic further.

