



**Medicare Guide**  
**Resources for**  
**Retiring Employees**

You are eligible for Medicare if you are at least 65 years old and a citizen of the U.S. or a legal resident who has lived in the U.S. for at least 5 years in a row. In some cases, individuals who are younger than 65 are eligible for Medicare due to disability or specific illnesses.

Original **Medicare Part A** (hospital insurance) helps cover charges for inpatient hospital care, skilled nursing facilities, hospice care, and home health care.

Original **Medicare Part B** (medical insurance) helps cover charges for services from doctors and other health care providers and outpatient care.

**Medicare Part C** (also called **Medicare Advantage**) includes all benefits and services covered under original Part A and Part B plus extra benefits. Generally, Medicare prescription drug coverage (**Part D**) is also part of the plan. Part C plans usually include “networks” of providers.

**Medicare Part D** helps cover prescription costs, and is administered by Medicare-approved private insurance companies.

**Medigap Insurance** (also referred to as Medicare Supplemental insurance) covers out-of-pocket costs associated with original **Medicare Parts A and B**, and is administered by private insurance companies.

### The Two Paths to Medicare coverage:

1. Medicare Parts A & B + Medigap coverage + Part D prescription plan coverage.  
**OR**
2. Part C (Medicare Advantage) that bundles Part A and B, includes additional coverage plus Part D prescription drug coverage.

The following chart summarizes the two paths along with associated costs\* and coverage features.

## ENROLL IN MEDICARE A AND B PAY PART B PREMIUM



### ADD

- \*Medigap (Premiums Vary)
  - Claims go to Medicare 1st then Medigap Insurance VGM
  - No network
- \*Part D Plan (Premiums Vary)
  - Claims paid by private insurance
- 3 ID cards (Medicare/Medigap/Part D)

### REBUNDLE

- \*Medicare Advantage Part C (Premiums Vary)
  - Includes A, B, and often D
  - Network
  - Includes “extras” (dental/vision/hearing)
  - All claims processed by private insurance
- 1 ID Card Medicare Advantage Part C

\*Premiums vary by age, gender, and geographic location

# TRANSITIONING TO MEDICARE

## Timing and Sequence

Use the information below to help you prepare to transition to Medicare. The critical thing to remember is that **timing is important** when it comes to Medicare enrollment. To avoid gaps in coverage or potential penalties, **plan ahead!**

### STEP 1 – IF YOU ARE CURRENTLY CONTRIBUTING TO A HEALTH SAVINGS ACCOUNT

- **STOP** contributing to your Health Savings Account six months prior to your retirement. If your retirement date is within six months of your 65th birthday, stop contribution to your HSA the month you turn 65.

Examples: Joe is 68 years old and plans to retire on April 30. He should stop contributing to his Health Savings Account on November 1 of the prior year (6 months prior to April 30). Mary plans to retire on October 31 which is 4 months after her 65th birthday in July. She should stop contributing to her Health Savings Account on July 1 (4 months prior to her retirement date).

### STEP 2 – ENROLL FOR MEDICARE PARTS A & B

**If you are retiring at age 65:**

- Enroll online for Part A and Part B within three months prior to your 65th birth month at <https://www.ssa.gov/benefits/medicare>

**If you delayed retirement beyond age 65:**

- Enroll online for Part A within three months prior to your retirement date at: <https://www.ssa.gov/benefits/medicare>
- Enroll for Part B at a local Social Security office within three months of your retirement date. Take the following two documents with you.
  - You complete form CMS40B at: <https://www.cms.gov/medicare/cms-forms/cms-forms/cms-forms-items/cms017339>
  - You and VGM complete form CMS-L564 at: [https://www.cms.gov/medicare/cms-forms/cms-forms-items/cms009718](https://www.cms.gov/medicare/cms-forms/cms-forms/cms-forms-items/cms009718)

### STEP 3 – EVALUATE YOUR SUPPLEMENTAL OPTIONS. (START THIS PROCESS WITHIN THREE MONTHS OF RETIREMENT.)

- Identify a Medicare broker or agent who you trust
- Research on your own: [https://www.medicare.gov/medicare-and-you\(800\)MEDICARE\(800\)633-4227](https://www.medicare.gov/medicare-and-you(800)MEDICARE(800)633-4227);  
<https://www.medicare.gov/plan-compare>

### STEP 4 – SIGN UP FOR A SUPPLEMENTAL PLAN(S) -- ONLY AFTER YOU HAVE COMPLETED STEP 2

- Sign up for a Medicare Advantage Plan **OR**
- Sign up for a Medigap Plan and a Part D Prescription Drug Plan

\*You may have previously enrolled in Part A when you turned 65 if you were not contributing to an HSA.



# HEALTH SAVINGS ACCOUNTS

## & Medicare

Enrollment in Medicare unfortunately impacts your ability to contribute to a Health Savings Account (HSA). This is true even if you enroll in Part A only and continue coverage under VGM's plan.

Part A and Part B Medicare do NOT meet the IRS definition of a High Deductible Health Plan (HDHP). Only those covered under a High Deductible Health Plan (like VGM's HDHP Plan) can contribute to a HSA.

If you keep working beyond age 65, and retire at a later date, Medicare will back date your enrollment in Part A by **six months** which means your contributions to an HSA must stop six months **before** retirement or at your 65th birth month if you retire within 6 months of turning 65.

- **STOP** contributing to your Health Savings Account six months prior to your enrollment in Medicare. If your retirement date is within six months of your 65th birthday, stop contribution to your HSA the month you turn 65. If you choose to enroll in Part A at age 65 but continue working, stop your contributions the month you turn 65.

Examples: Joe is 68 years old and plans to retire on April 30. He should stop contributing to his Health Savings Account on November 1 of the prior year (6 months prior to April 30). Mary plans to retire on October 31 which is 4 months after her 65th birthday in July. She should stop contributing to her Health Savings Account on July 1 (4 months prior to her retirement date).

### SPOUSAL ISSUES:

- If your spouse enrolls in Medicare, YOU may still contribute to an HSA (as long as you are not enrolled in Medicare and are enrolled in a High Deductible Health Plan). If your spouse also stays on your medical plan, you may contribute to the family HSA maximum. If they drop coverage, you will need to prorate your HSA contribution to the single HSA maximum from the month they dropped off through the end of the year.
- If you are covered under your spouse's High Deductible Health Plan, and decide to enroll in Part A Medicare, this is permissible. Your spouse would still be able to contribute to an HSA. In this situation, you are a dependent on your spouse's plan, and not the HSA account holder. The rules regarding eligible participation and contributions are directed at the HSA account holder, not dependents on the health plan.

### CORRECTIONS TO PRIOR INELIGIBLE CONTRIBUTIONS:

If you or VGM have made contributions in a prior tax year to your HSA while also being enrolled in Part A Medicare, check with your accountant or tax preparer. You may be able to use Form 5329 when filing current year taxes to report excessive contributions from prior years.

### USING YOUR HSA FUNDS FOR MEDICARE PREMIUMS:

HSA regulations allow individuals to withdraw money from their HSA at age 65 and beyond penalty free. If you use the funds for qualified expenses, the distributions will be tax free. Eligible expenses include Part B and Part D premiums, as well as Medicare Advantage (Part C) premiums.

# FREQUENTLY ASKED QUESTIONS

## Medicare Eligibility

This Q & A is intended to help anyone who is approaching 65 and/or working beyond age 65. If you are a US citizen or legal resident who has lived in the US for 5 years, you are eligible to enroll in this government sponsored health insurance program.

You may be choosing to work beyond age 65 and continue with VGM's health insurance plan and wonder what to do about Medicare. Or you may be considering retirement soon and have questions about how best to approach Medicare.

Use this guide to help answer questions you may have and ensure you have confidence in decisions about Medicare.



### **1. I'M TURNING 65 IN THE NEXT FEW MONTHS. AM I AUTOMATICALLY ENROLLED IN MEDICARE?**

No, only individuals currently collecting Social Security or Railroad Benefits are automatically enrolled. For everyone else, enrollment in Medicare requires action on your part.

### **2. WHAT IF I STARTED COLLECTING SOCIAL SECURITY EARLY AND HAVE AUTOMATICALLY BEEN ENROLLED IN MEDICARE BUT DON'T WANT IT?**

As long as you are receiving Social Security you must remain enrolled in Part A Medicare (hospital coverage). But you are able to cancel enrollment in Part B if you continue to be covered by one of VGM's health plans or another qualified group health plan. Contact your local Social Security office to cancel Part B.

### **3. WON'T I GET A PENALTY IF I DELAY ENROLLMENT IN MEDICARE?**

No, you are able to delay Medicare beyond your initial enrollment period (turning 65) as long as you continue health coverage with VGM or are covered by your spouse's qualified health plan. You will have the chance to enroll in Medicare when you retire (called a Special Enrollment Period).

### **4. DO I HAVE TO NOTIFY MEDICARE THAT I AM CHOOSING TO DELAY? DO I NEED TO PROVIDE ANY DOCUMENTATION? IS THERE A FORM TO FILL OUT?**

No, Medicare does not require notification of your decision to delay.

### **5. WHY AM I GETTING SO MUCH MAIL AT HOME?**

About 6 months prior to turning 65, and annually thereafter (around the Medicare Open Enrollment Period – October 15 to December 7) you will receive home mailings from insurance companies and Medicare agents. Since you are turning 65 (or older) they make the assumption you are in the market for supplemental insurance to help cover expenses Medicare does not.

## **6. MY SPOUSE IS CURRENTLY ENROLLED ON THE VGM HEALTH PLAN. HE/SHE IS TURNING 65. WHAT SHOULD I DO?**

If you choose to keep your spouse on the VGM health plan, they may delay enrollment in Medicare. In this case, there is nothing that needs to be done. If your spouse decides to enroll in Medicare, please refer to the Transitioning to Medicare Checklist to understand the Medicare enrollment process.

## **7. I'M TURNING 65, AND COVERED UNDER MY SPOUSE'S HEALTH PLAN AT HIS/HER PLACE OF EMPLOYMENT. IS THERE ANYTHING I NEED TO DO? I PLAN TO STAY ON THEIR HEALTH PLAN.**

Check with your spouse's health plan to make sure the plan qualifies as a group health plan (more than 20 employees), and that the plan has creditable drug coverage. As long as those two conditions are met, you may delay enrollment in Medicare.

## **8. WHAT DOES THE TERM "CREDITABLE COVERAGE" REFER TO?**

A drug plan is considered creditable if it provides insurance coverage at least as good as Medicare's drug plan. VGM's drug coverage for both plans are creditable.. By having creditable coverage, you are able to delay enrollment in Part D of Medicare without penalty.

## **9. IS THERE A COST TO MEDICARE?**

This cost may be higher for individuals who have higher incomes. The monthly cost may increase each year. Since there is a cost to Part B, most people with employer health coverage delay Part B enrollment since they are already paying a monthly premium for their coverage at work. Part A is free if you have worked for 10 years or more.

In addition to Medicare Part B costs, supplements including Medigap, Prescription Drug Plans, and Medicare Advantage will have monthly premiums that vary by plan, and by county.

## **10. WHAT IF I DECIDE TO ENROLL IN PART A MEDICARE BUT ALSO KEEP MY COVERAGE THROUGH VGM?**

Medicare Part A will be secondary to VGM's health plan. Part A primarily helps to cover hospital expenses.

If you are enrolled in the High Deductible Health Plan, you should stop contributing to your Health Savings Account. The IRS does not allow pre-tax contribution if you are enrolled in Medicare. If you decide to continue contributing to your HSA, you should delay Part A as well as Part B.

**11. I'M COVERED ON MY SPOUSE'S HIGH DEDUCTIBLE HEALTH PLAN, AND THEY CONTRIBUTE THE FAMILY MAXIMUM AMOUNT TO THEIR HEALTH SAVINGS ACCOUNT. CAN I ENROLL IN PART A?**

Yes, you can. This is because your spouse is the HSA account holder under the High Deductible Health Plan, not you. Your spouse would not be able to enroll in Part A and continue contributing to a Health Savings Account, however.

**12. MY SPOUSE IS ON MEDICARE. CAN'T I JUST BE ADDED TO HIS/HER POLICY?**

No. Medicare coverage is by individual, and does not include spouse or family coverage.

**13. I'M PLANNING ON RETIRING SOON, BUT AM THINKING ABOUT TAKING COBRA AND DELAYING ENROLLMENT IN MEDICARE.**

If you have enrolled in Part A prior to moving to COBRA, you may enroll in COBRA. In this situation, Medicare would be considered primary (pay first), and your COBRA plan would be secondary. You would have a Special Enrollment period to enroll in Part B.



