



A Non-Government General Agency

MEDICARE FAQ



*Not Affiliated with or
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or Federal Medicare Program
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When to enroll in Medicare?

The first time you can enroll is called your “Initial Enrollment Period.”

Your 7-month Initial Enrollment begins 3 months before the month you turn 65, includes the month you turn 65, and ends 3 months after the month you turn 65. If you sign up after your effective date, coverage will start the 1st day of the following month

If covered by an employer group plan:

Under 20 employees, sign up for Medicare when first eligible because Medicare is primary coverage.

20 and over employees, you may delay Part B, and will not have to pay a penalty when you leave your group coverage.

You should start Medicare coverage the day you stop working or lose your current employer coverage. The process to enroll in Medicare can take 3-4 weeks.

What happens when employer/union coverage ends?

If you are Medicare eligible and now also eligible for COBRA, Medicare is Primary. Employee can select Cobra but may want to explore other options such as Medicare Supplement/Medicare Advantage/Part D Plans.

If you have COBRA and then become eligible for Medicare, you must sign up for Medicare as Medicare will be Primary.

****If you choose COBRA, do not wait for it to end to enroll in Medicare. You must enroll in Part B within 8 months of the beginning of COBRA or loss of employer coverage to avoid delays or penalties.**

Part A - Hospital Insurance

Inpatient care in hospitals

Skilled nursing facility care (excluding long term care)

Home health care, Hospice care

How much does Part A coverage cost?

You usually don't pay a monthly premium for Part A coverage if you or your spouse paid Medicare taxes (40 quarters) for at least 10 years while working. If you aren't eligible for free Part A, you may have to pay for Part A. Social Security makes this determination.

What's a Part A late enrollment penalty?

If you are eligible Part A for free you can sign up when you turn 65.

If you aren't eligible for free Part A and you don't buy it when you're first eligible for Medicare, your monthly premium may go up 10%. You'll have to pay this penalty for twice the number of years you didn't sign up.

Part B - Medical Insurance

Services from doctors and other health care providers

Outpatient care, home health care, many preventative services

Durable medical equipment (wheelchair, walkers, etc.)

Medicare covers 80% of approved costs, your responsibility 20% with no cap on out-of-pocket costs. Medicare only works with doctors that take Medicare assignment. If your provider does not participate with Medicare you will be responsible for 100% out of pocket cost.

How much does Part B coverage cost?

Everyone pays a Part B monthly premium. Most people will pay the standard premium amount of \$164.90 for 2023. The Medicare Income-Related Monthly Adjustment Amount (IRMAA) is the amount you may have to pay in ADDITION to your Part B premiums if your income is above a certain level.

What is the Part B late enrollment penalty?

In most cases, if you don't sign up for Part B when first eligible, you'll have to pay a late enrollment penalty for as long as you have Part B. The 10% Part B penalty is calculated by each 12 month period you delayed enrollment. This penalty does NOT apply if you have employer based group coverage or your spouse's current employer based group coverage.

You will not pay a penalty for delaying Part B as long as you enroll within 8 months of losing your coverage or stop working (whichever happens first).

How does the Part D Prescription Drug plan work?

You pay a monthly premium for your plan, yearly deductible, co-payments, coinsurance, costs in the coverage gap, late enrollment penalty if applicable.

What are the Part D costs based on?

The drugs you use, the plan you choose

Whether you go to a pharmacy in your plan's network

Whether the drugs you use are on your plan's Formulary

Whether you get Extra Help paying your Medicare Part D costs

The Part D Medicare Income-Related Monthly Adjustment Amount (IRMAA) is the amount you may have to pay in ADDITION to your Part D monthly premium if your income is above a certain level.

What is the Part D late enrollment penalty?

An amount added to your Medicare Part D monthly premium when you go 63 days or more after your Initial Enrollment Period without Part D credible drug coverage. 1% of the national base beneficiary premium times the number of full uncovered months you didn't pay to have Part D or credible coverage.

The national base beneficiary premium may increase every year so your penalty may increase.

Part C (Medicare Advantage Plans)

Are an alternative to Part A & B which includes Part A & B benefits and in most cases Part D. Plans have lower out of pocket costs than Part A & B. Plans generally offer HMO/PPO and may require you to use providers and services in network. Some may require referrals. Plans may offer extra benefits that Part A & B do not such as hearing, dental & vision.

Medicare Supplement Plans (Medigap)

Works with Part A & B to fill in the gap. Plans are standardized and pay after Medicare pays its portion. More provider choices and foreign travel benefits available. Does not include Part D drug coverage you must purchase a standalone drug plan. The best time to buy a Medicare Supplement policy is during your open enrollment period. This is the 6 month period which begins on the first day of the month in which you turn 65 or older and enrolled in Part B.

After this enrollment period you may be able to buy a Medicare Supplement policy, but it may cost more and be subject to underwriting conditions. If covered by group coverage, your Medicare Supplement enrollment period starts when you sign up for Part B and lasts for 6 months

I contribute to an HSA (Health Savings Account)

If you enroll in Medicare Part A and/or B, you can no longer contribute to your HSA. This is because to contribute pre-tax dollars to your HSA, you cannot have any health insurance other than an HDHP (high deductible health plan)

If you choose to delay Medicare enrollment because you are still working and want to continue contributing to your HSA, you must also wait to collect Social Security retirement benefits. This is because most individuals who are collecting Social Security benefits when they become eligible for Medicare are automatically enrolled into Medicare Part A. You cannot decline Part A while collecting Social Security benefits. The takeaway here is that you should delay Social Security benefits and decline Part A if you wish to continue contributing funds to your HSA.

Finally, if you decide to delay enrolling in Medicare, make sure to stop contributing to your HSA at least six months before you plan to enroll in Medicare in order to avoid a tax penalty. This is because when you enroll in Medicare Part A, you receive up to six months of retroactive coverage, not going back farther than your initial month of eligibility. This 6 month rule does not apply if you are new to Medicare and stop your contributions on your initial Medicare effective date.

If you require counseling regarding HSA and IRS guidelines, please consult a tax professional.



Licensed Insurance Agents

Please Contact:

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As of 10-1-22, we are required by CMS to record our phone calls regarding Medicare Advantage and Prescription Drug Plans with beneficiaries. To discuss your Medicare options contact medicare@fnainsurance.com. We do not offer every plan available in your area. Any information we provide is limited to those plans we do offer in your area. Please contact Medicare.gov or 1-800-MEDICARE for all options. The information provided herein is accurate as of the date provided and is subject to change.