

Getting Off to a Good Start with Medicare

What you need to know and do as you near your 65th birthday

Gathering Information

Now is the time to start investigating your health insurance options and gathering accurate information concerning Medicare and other health insurance so you can make decisions that can prevent serious, costly problems. Don't rely on someone else to gather the information you need. This fact sheet is intended to help guide you in your search.

- ü You need information from the Social Security Administration about whether you will be eligible for Medicare. Social Security is responsible for determining eligibility and enrolling people in Medicare. Please note that the Railroad Retirement Board handles Medicare enrollment for railroad retirees.
- ü You may be eligible for Medicare on your spouse's work record or as a widow or widower. You may also have questions about when to enroll in Medicare due to differences in ages between spouses. If you are not eligible for Medicare on your own work record or your spouse's work record, you may have the option to purchase Medicare coverage. Social Security can answer questions about your particular situation.
- ü If you **will** be eligible for Medicare at age 65, you need to take specific actions to ensure Social Security has accurate information about your situation. If you fail to take the necessary actions, at the recommended times, you could suffer some very costly consequences.
- ü If you plan to **continue working** when you reach your 65th birthday, you need to take extra care in making insurance decisions.
- ü You need information about health insurance to supplement your Medicare coverage--either an employer group health plan (EGHP) and/or a privately purchased Medicare supplement policy. Another option for **some** Medicare beneficiaries is to join an alternative Medicare Health Plan. *

* For purposes of this document, the term "alternative Medicare Health Plan" refers to a Health Maintenance Organization (HMO), which has a contract with Medicare **OR** a Private Fee-For-Service (PFFS). PFFS is an alternative Medicare Health Plan, which differs from a Medicare HMO in that there is no organized network of providers. You may receive services from any physician or hospital that accepts the PFFS card. **NOTE:** *It is advisable to research providers in your area prior to purchasing a PFFS plan to ensure that your health care will be covered by the PFFS plan.*

Your Work Situation

Think about what your work situation will be when you reach your 65th birthday, as this will influence the health insurance decisions you make and actions you take.

- ü You may already be retired.
- ü You may be planning to retire at age 65.
- ü You may plan to keep working after age 65.

If you do not fall into one of the previously mentioned categories, contact the Senior Health Insurance Program (SHIP) at 1-800-548-9034 for guidance.

Deadline for Action

Whether you plan to enroll in Medicare at age 65 or to delay enrollment for a few years, it is extremely important that you take the actions listed below within the applicable enrollment period. Failure to act during this time period may cause major problems with very serious consequences. Our goal is to help you **avoid** these problems.

If You Have Already Signed Up for Social Security Benefits:

- Ø Call the Social Security Administration at 1-800-772-1213 about six months before your 65th birthday and request a Medicare & You Handbook.
- Ø Study the Medicare & You booklet so you understand what Medicare **does** and **does not** cover.
- Ø If your employer provides an employer group health plan (EGHP) to retirees, talk to your company's benefits officer about the coverage offered under that plan. If you are not satisfied with the coverage provided by the combination of Medicare and EGHP, begin shopping for a private Medicare supplement policy or an alternative Medicare Health Plan. Call **SHIP*** to learn about the ten (10) standardized Medicare supplement plans and the alternative Medicare Health Plans -- and the companies selling them in Illinois.
- Ø If an EGHP is not available to you, you should begin shopping for a private Medicare Supplement policy or an alternative Medicare Health Plan. Call **SHIP** if you need assistance.
- Ø You will receive a Medicare card shortly before your 65th birthday. If you wish to enroll in Medicare Part B, you do not need to do anything further.

Your Medicare card should show Medicare Part A and B coverage effective the first day of the month you will be age 65.

- Ø Make final arrangements for a private Medicare Supplement policy or an alternative Medicare Health Plan and/or EGHP coverage.

***SHIP** is the **Senior Health Insurance Program** sponsored by the Illinois Department of Insurance. Call the office in Springfield toll-free at **1-800-548-9034**, to ask any questions you might have about Medicare or other health insurance for people with Medicare. Ask for the nearest SHIP office, then call and request a meeting (at no charge) with a trained SHIP counselor.

If You Have NOT Signed Up for Social Security Benefits Before Age 65:

- Ø Call 1-800-772-1213 and request form SSA-7004-SM (Request for Earning and Benefits Estimate Statement) and a Medicare & You Handbook. Complete the SSA-7004-SM and send it to Social Security. When you receive your report back from Social Security, check to see if you are eligible for Medicare. If you have questions about the report, call Social Security.
- Ø Study the Medicare & You booklet so you understand what Medicare **does** and **does not** cover.
- Ø **If you do plan to retire**, discuss any possible EGHP coverage with your company's benefits office. If you are not satisfied with the coverage provided, look for a private Medicare supplement policy or an alternative Medicare Health Plan. Call SHIP to learn about the ten (10) standardized Medicare supplement plans or the alternative Medicare Health Plans -- and the companies selling them in Illinois.
- Ø **If you do not plan to retire**, you may need help in determining if your EGHP or Medicare will be primary after you turn 65. Call SHIP to request the publication entitled "Medicare and Other Health Benefits: Your Guide to Who Pays First."
- Ø In either case, contact Social Security three months before your 65th birthday to make an appointment to file for Medicare and/or Social Security benefits if you plan to retire.
- Ø You will receive a Medicare card. Check the card to be certain it reflects the options you chose when you filed.

Facts to Understand and Recommendations for Action

FACT: The health insurance coverage you had before age 65 will probably change when you reach your 65th birthday **and retire**. The way in which it pays claims **will change**. Insurers will **assume** you have **both** Medicare Parts A and B **even if you don't**.

- Ø If you are eligible to receive Social Security benefits you will not have to pay a premium for Medicare Part A (hospital insurance). You may be eligible for Medicare through your work record or your spouse's work record.

- Ø If you enroll for Medicare Part B (medical insurance), your monthly premium will be deducted from your Social Security benefits check. If you do not receive a Social Security check, you will be billed quarterly for the Part B premium.

RECOMMENDATION: In **most** cases, you should enroll in both Medicare Parts A and B to avoid permanent premium penalties, unless you continue to work beyond the age of 65.

FACT: Medicare Part A and B coverage will not pay all of your health care bills. You need a good employer group health plan (EGHP) and/or you should select **either** an individual Medicare supplement policy from among the ten (10) standardized plans **or** join an alternative Medicare Health Plan.

RECOMMENDATION: If you do not have access to a good EGHP, you should try to purchase an appropriate Medicare supplement plan or Medicare Health Plan.

FACT: Some people on Medicare, with low income and assets, are eligible to receive benefits from Medicare Savings Programs. These programs are administered by the Illinois Department of Human Services and help cover some Medicare out-of-pocket costs.

RECOMMENDATION: If your income and assets are low, ask your local Department of Human Services office if you are eligible as a Qualified Medicare Beneficiary (QMB), Specified Low Income Medicare Beneficiary (SLMB), Qualified Individual 1 (QI1), or Qualified Individual 2 (QI2).

Potential Problem Situations

- Ø If you fail to enroll for Medicare Part B during your initial **seven-month window** (the **three months before** your 65th birthday, the **month of** your 65th birthday, and the **three months after** your birthday), you will not be permitted to enroll until the following calendar year (January 1 through

March 31). Additionally, your coverage will not begin until July 1 of that year. The premium will increase to include a permanent penalty of 10% per year for each year of delayed enrollment into Part B. However, if you delay enrollment into Medicare Part B because you continue to work beyond the age of 65, you will not incur the 10% per year penalty. You will be given a special enrollment period of eight (8) months to enroll in Part B.

- Ø If you fail to apply for a Medicare supplement policy within six (6) months of enrolling in Medicare Part B (at age 65 or older), you may lose the right to purchase the Medicare supplement policy of your choice if you have a pre-existing condition.
- Ø In Illinois, you must have both Medicare Part A and B to join an alternative Medicare Health Plan or to purchase a Medicare supplement policy.
- Ø Be cautious when canceling an EGHP benefit plan because you may waive your right to ever re-enroll in the plan.

Sources of Information

Social Security Administration 1- 800-772-1213

To request SSA-7004-SM; handles Medicare eligibility and enrollment.

SHIP 1- 800- 548- 9034

Medicare, Medicare supplement, and Medicare Health Plan information, free health insurance counseling, and consumer publications.

Illinois Department of Human Services 1- 800-252- 8635

Medicare Savings Program eligibility information and applications.

Illinois Department on Aging 1- 800-252- 8966

Senior Help Line

Circuit Breaker/Pharmaceutical Assistance eligibility information and applications.