

# Medicare while working

You are eligible for Medicare coverage beginning on your 65th birthday, but if you continue working past age 65 and still have health insurance through your employer, you do have options.

It's a good idea to compare your employer-provided coverage against the various Medicare options you have. It may be that Original Medicare plus a supplemental Medigap policy, or a Medicare Advantage plan, is more comprehensive and/or less costly than your current coverage.



## Special Enrollment Periods

The Medicare enrollment age is 65, and there may be a permanent 10% penalty on Part B premiums for each full year of delay in enrolling. But if you turn 65 and still have health insurance through your employer, there is an exception to the penalty:

- Wait to enroll in Parts A and B until your job-related coverage ends
- At that point, enroll during your Special Enrollment Period (SEP)
  - 8-month SEP to enroll in Original Medicare
  - 2-month SEP if you choose a Medicare Advantage plan

There are 2 scenarios related to the end of employer-provided coverage in which you will not qualify for a SEP:

## Scenario 1

If your plans change and you end up leaving work before age 65, you may end up on COBRA coverage, which is an extension of employer health coverage after employment.

- COBRA does not qualify you for a Special Enrollment Period
- You should enroll in Medicare at age 65

## Scenario 2

At whatever age you retire, your employer may offer a Retiree Health Plan (RHP), which often looks like a health reimbursement account. RHPs are not considered to be qualified coverage:

- There's no eligibility for a Special Enrollment Period when that RHP coverage ends
- Therefore, if you are already age 65, enroll in Medicare when the job ends

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## CONSIDERATIONS

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### Compare and look ahead

It's worth comparing your employer-based coverage to what you'd get with Medicare:

- Even if you stick with your employer health insurance, you may want to enroll in Part A right at 65
- Part A covers hospitalizations
- There is no premium to pay if you (or your spouse) has at least 10 years of work experience
- It may be a useful supplement to your employer-based health coverage

But the Part A decision requires a couple of considerations:

- Determine whether your employer coverage will continue as it was, or if it changes if you enroll in Part A
- Enrolling in any part of Medicare means that you can no longer contribute to a health savings account (HSA)
- Depending on how long you plan to continue working, you may want to think these matters through.



Work with your financial professional to account for Medicare expenses as part of your retirement income plan.



#DecodingMedicare

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The information in this document is sourced from [medicare.gov](https://www.medicare.gov), [cms.gov](https://www.cms.gov), [hhs.gov](https://www.hhs.gov) and some state-level sources.

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