

# PRACTICAL PLANNING: Filing for Medicare

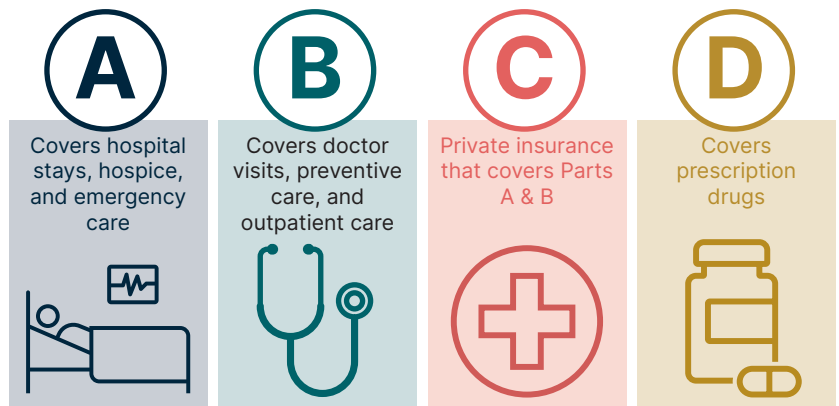


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Many Americans are accustomed to private health insurance, whether that be coverage through their employer, or a plan purchased individually. Reaching eligibility for Medicare marks a crucial step toward transitioning away from job-based health insurance in retirement. The process can feel daunting if you don't understand the various components of your coverage. Distilling the complexities, as Senior Investment Advisor Matt Sampson, CFP®, CEPA®, aims to do in this article, can help facilitate a smooth process.

## UNDERSTANDING COVERAGE

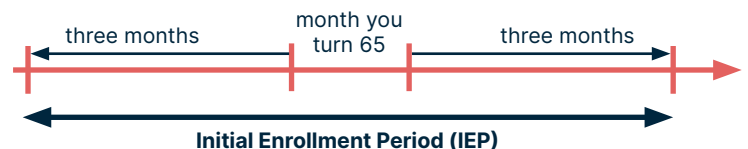
Medicare **Part A** (Hospital Insurance) primarily covers hospital stays, skilled nursing facility care, hospice care, and some home health services. **Part B** (Medical Insurance) encompasses medical services such as doctor visits, outpatient care, preventive services, physical and occupational therapy, and durable medical equipment. **Part C** (Medicare Advantage) offers a private insurance option for Parts A & B. Choosing a Medicare Advantage plan can provide enhanced benefits depending on your specific needs, but does potentially limit access to in-network doctors and coverage. Lastly, **Part D** focuses on prescription drug coverage.



## WHEN TO ENROLL

It is generally advisable to begin the Medicare enrollment process at least three months before turning 65. Your enrollment window lasts a total of seven months, starting three months before you turn 65 and ending three months after the month you turn 65. This period is referred to as the Initial Enrollment Period (IEP). Applying for Medicare during the IEP helps avoid potential gaps in healthcare coverage and protects you from late enrollment penalties.

Medicare applications are typically done through the Social Security Administration. If an individual is already receiving Social Security benefits upon turning 65, they have the good fortune of being automatically enrolled in Medicare Parts A and B. However, if you plan to delay your Social Security until after age 65, it is important to understand that you will not be automatically enrolled in Medicare. With full retirement age at (FRA) at 67 for many Americans, and many opting to delay their Social Security benefits until FRA or later, this is becoming a larger issue to be aware of.



## CONSIDERATIONS IN CHOOSING COVERAGE

Choosing the right Medicare plan requires consideration of your individual healthcare needs and preferences. While Medicare (Part A and B) provides comprehensive coverage, many Americans opt for Medicare Advantage (Part C) plans offered by private insurers. The reasons vary but tend to revolve around enhanced benefits such as dental coverage, vision coverage, hearing services, and perhaps of most importance, the ability to stay with your primary care physician.

## MEDICARE PREMIUMS

The most common method of paying Medicare premiums is a deduction directly from your Social Security check; however, other payment methods are available. Part A coverage comes with no-cost premiums, as long as you have paid Medicare taxes for at least ten years. Premiums are assessed for your Part B coverage, which are

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calculated based on your income. The higher your Modified Adjusted Gross Income (MAGI), the higher your monthly premium will be for Medicare Part B. For 2024, the standard Part B monthly rate is \$174.70. But you will pay higher rates if your MAGI exceeded \$103,000 on the tax return you filed in 2023 (\$206,000 on a joint return). Managing this MAGI can be challenging for retirees in years where they have one-time income or gain events, as these events may trigger higher-than-expected Medicare premiums. If you experienced a major life changing event (marriage, divorce, death of spouse, loss of income), you may contest the increase by submitting [Form SSA-44](#).

### WHAT IF YOU'RE STILL WORKING AT AGE 65?

We are often asked what to consider with Medicare enrollment if you are still working past 65? An important consideration is whether your company employs 20 or more people.

If you are working past 65 and have health insurance coverage from a company that employs 20 or more people, you can delay enrolling in Medicare until the employment ends or the coverage stops, whichever occurs first. You would then qualify for a special enrollment period to enroll in Medicare before or within eight months of losing the job-based health insurance.

If instead your coverage is from a company with fewer than 20 employees, you will need to speak directly with your employer to determine how to handle your health insurance. Companies with fewer than 20 employees have the choice of allowing you to stay on their plan or dropping you from coverage and requiring you to enroll in Medicare. If this is your situation, we strongly recommend working with your employer to determine how the employer's plan will fit in with Medicare coverage.



### MAKING CHANGES

Lastly, if this all feels overwhelming, don't worry! Your decisions don't have to be permanent. Open enrollment occurs annually in the fall (October 15 – December 7). If your coverage needs have evolved, we recommend reviewing your options during open enrollment.

**Applying for Medicare is a pivotal step toward securing healthcare coverage during your golden years. Understanding the eligibility criteria, enrollment periods, premiums and available coverage options are key in selecting the best plan for your specific healthcare needs.**

### FIND OUT WHAT YOU'LL PAY FOR YOUR PART B PREMIUM IN 2024:

If you yearly income in 2022 was:			You pay each month (in 2024)
Individual tax return filers	Joint tax return filers	Married & separate tax return filers	
\$103,000 or less	\$206,000 or less	\$103,000 or less	\$174.70
\$103,001 - \$129,000	\$206,001 - \$258,000	Not applicable	\$244.60
\$129,001 - \$161,000	\$258,001 - \$322,000	Not applicable	\$349.40
\$161,001 - \$193,000	\$322,001 - \$386,000	Not applicable	\$454.20
\$193,001 - \$500,000	\$386,001 - \$750,000	\$103,001 - \$397,000	\$559.00
\$500,000+	\$750,000+	\$397,000+	\$594.00

