

## Should You Start Medicare If You Work Past 65?



### Prepare for working beyond age 65 by knowing the ins and outs of Medicare coverage ... and what you need to do.

You may have decided that working a year or two beyond 65 will give you an extra cushion in retirement. Maybe you love your job and can't imagine quitting just yet, or you need to work as long as you can to make ends meet. It could be that you are on your spouse's benefits and your spouse is still working, and you are turning 65. No matter what your situation is, you need to get health insurance right.

Medicare is somewhat complicated, and the penalty for messing up can be onerous. Worse, it lasts the rest of your life. So it is worth taking some time to figure out what you should do about health insurance when you are working past the age — 65 — when Medicare usually starts. Let's break it down to some simple answers.

### How Many Employees

Whether your employer or your spouse's employer is sponsoring your health insurance, the first thing you need to find out is how many employees the company providing health insurance has. Is it less than 20, or 20 or more? If you are not sure, ask for clarification because everything else hinges on this number.

Here is a checklist from Fidelity to help you navigate Medicare and employer-sponsored health-care benefits after 65.

- Read the employer health care benefits information specifically for employees or spouses/partners who are nearing age 65.
- Talk to your company's human resources or benefits group to confirm employment status and access to health insurance.
- Explore the [medicare.gov](https://www.medicare.gov) website and order

## 20 or More Employees

If the employer has at least 20 employees:

As long as you (or your spouse) actively work for and receive benefits from this employer, you can put off enrolling in Medicare until the work or the coverage stops. At that time, you'll have up to eight months to enroll in Medicare without triggering a penalty. Be aware that "actively working" for this employer doesn't apply if coverage comes from retiree benefits or COBRA. You also can't be using retiree benefits from a previous employer.

**Caveat:** Don't wait eight months while you go without any health insurance. Sign up for Medicare a month or two before employment ends to make sure Medicare will start the day the employer's insurance stops covering you.

Legally, an employer with at least 20 employees must offer you (and your spouse) the same benefits younger employees get. That means you can decide to accept the employer plan and delay Medicare, decline the employer plan and rely only on Medicare, or get employer health coverage and Medicare at the same time.

**Tip:** It can pay to sign up for Medicare Part A only even if you are keeping employer coverage. Part A (for hospitalizations) is free and remains your secondary insurance to pay whatever an employer's plan does not. However, if you contribute to a health savings account (HSA) and you would like to continue, do not sign up for any part of Medicare since that will make you ineligible for an HSA.

Know that there are consequences to getting an employer health plan and Medicare at the same time. The employer health care is always primary; Medicare will only pay for services not already covered by the employer insurance. In that case, you would be paying Medicare premiums for little or no benefit. Also, signing up for Part B Medicare coverage when you are covered through an employer could mean you will have to give up your right to buy supplemental coverage known as Medigap after employment ends. You will lose protections in Medigap ensuring coverage at a set premium regardless of your current health or preexisting conditions.

**Tip:** If you sign up for Social Security benefits before you turn 65, you are automatically enrolled in Medicare Parts A and B. At the least, you'll be paying for two plans. Contact the Social Security Administration by phone or at your local office to let them know you don't want Part B to kick in now (nor Part A if you're funding an HSA).

## Less Than 20 Employees

Another set of rules applies if the employer providing health insurance benefits has 19 or fewer employees:

An employer makes health insurance decisions for you. If the employer says you must enroll in Medicare, it will be primary and your work plan will be secondary. In this case, it's critical to sign up for Medicare at 65 or you'll essentially be left without any coverage. If you are confused about an employer directive, ask for a decision in writing.

**Tip:** It is also critical to sign up for Medicare on time (from three months before your birthday month to three months after) or get hit with a painful penalty. There's a 10% additional cost added to Part B

a *Medicare and You* pamphlet for the latest information.

- If you are already receiving Social Security, make sure to decline Part B when you get your Medicare card.
- Sign up for Medicare two or three months before you retire or lose employer coverage.
- If you need help, you can talk to your local State Health Insurance Technical Assistance Program (SHIP) representative. Find [information here](#).

premiums for every year you go without coverage once you are eligible.

In this case, enrolling in Part B will not impact your ability to buy Medigap when employment ends. With Medicare as your primary insurance, your right to buy Medigap with full protections lasts for 63 days after employer coverage ends.