

ASK THE MEDICARE SPECIALIST

Q: My husband is turning 65 in May and still working. I'll be 65 just a few months later. We get our health insurance through his employer. How do we know if we should enroll in Medicare, stay on his insurance, or both? Could we possibly be better off to opt out of his work insurance?

A: First, it's important that I mention that those who are Medicare eligible DO NOT have to enroll in Medicare Part B! Anyone getting health insurance from an employer or a spouse's employer will not have a penalty for waiting to enroll in Part B. And when it's time to drop employer coverage due to retirement, cost increases or the coverage getting worse, enrollment in Part B can take place at any time during the year. This might be the most misunderstood aspect of Medicare and bad advice is given far too often to those turning 65.

Many considerations before opting out of Part B

There's very rarely a one size fits all answer to almost every Medicare related question, including the one presented by Jessica. How I advise her and anyone else who is 65 years old, still working, and getting health insurance from an employer depends on several factors.

Probably the most important is the amount being taken out of the employee's paycheck for health insurance. If it's little or nothing, it's usually, but not always, best to remain on the employer plan and opt out of Part B, which has a standard monthly premium of \$185 per month. Many people aren't aware of what's being taken out of their check. Find out! And if you have a spouse on the plan, get it broken down on what it costs for the employee by themselves versus what it costs to add the spouse. Often, we find that the spouse is best to go on Medicare while recommending the employee stay on the plan at work.

We also want to know what the deductible is, if there is coinsurance (percentage of the remaining bill one is responsible for after the deductible has been met), and the Maximum Out of Pocket figure which represents the

most money one can be billed for both medical and prescription costs in a year. Medicare and a Supplement or Advantage Plan generally have less out of pocket costs than employer provided health insurance. Therefore, it may be worth paying a few dollars more in premiums to ensure lower medical bills.

However, brand name drugs are often more expensive on Medicare so that has to be considered as well.

Who must opt into Parts B and D?

I also want to point out that even if your health insurance at work costs little or nothing, enrolling in Part A or opting out of B should never be automatic. Those who work for a small employer may have to get Part B at age 65. Failure to do so could result in having no coverage for outpatient care depending on health insurance carrier.

In addition, in 2025 there are new definitions of what constitutes “creditable drug coverage.” In the past no one who had health insurance at work needed to enroll in Medicare Part D prescription coverage. However, those who have what are known as HDQHP (High Deductible Qualified Health Plans), which are compatible with a Health Savings Account (HSA) and quite common today, may need to enroll in Part A and Part D prescription drug coverage to avoid a Part D late enrollment penalty. This is extremely complicated. Employers and even health insurance brokers aren’t aware of this danger because the feds did a terrible job of announcing the new regulations and making them clear.

Don’t opt in or out without sound advice

The bottom line is if you and/or your spouse are still working at age 65 or older and getting health insurance from your employer, you should reach out to us so we can make sure you should or shouldn’t be enrolled in Medicare Parts A and/or B as well as if staying on your plan at work is more or less cost effective than going on Medicare and a Supplement or Advantage Plan. So many people aren’t making the right choice. We also continue to meet many people who get no benefit from Part B and are wasting money paying for it, as well as others who are now accruing penalties for not having Part D. We’ve also met countless retirees who dropped Part B and shouldn’t have, resulting in expensive penalties that last a lifetime!

We are happy to evaluate your situation and there's never a fee for our services, even when our advice is to stick with your employer sponsored health insurance, which I estimate for about 75% of those who work past 65 is best to do.

Contact us

If you have any questions regarding this column or any other Medicare related topic, give us a call or stop into the office. Feel free to email me personally as well. Aaron@getyourbestplan.com.