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prospects who are nearing retirement and the age of 65. The following article explores the various Medicare plans and enrollment, how Medicare interacts with other ...

**Mike D'Avolio** • May. 22, 2019



The screenshot shows the Medicare.gov website. At the top, the text "Medicare.gov" is displayed in a large, green, sans-serif font, with "The Official U.S. Government Site for Medicare" in a smaller, black font below it. Below this, there are four dark blue buttons with white text: "Sign Up / Change Plans", "Your Medicare Costs", "What Medicare Covers", and "Drug Coverage (Part D)". Below these buttons is a large, light blue banner with the text "Get Medicare coverage info on the go!" in a bold, dark blue font, followed by "Learn about our new app" in a smaller, dark blue font. At the bottom of the banner, there are three green buttons with white icons and text: a magnifying glass icon for "Find health & drug plans", a document icon for "Compare coverage options", and a dollar sign icon for "Estimate Me costs".

Thousands of baby boomers turn 65 each day and become eligible to join the millions of Americans already enrolled in Medicare, our national health insurance program for older people. It's no wonder that the biggest concern about expenses

during retirement years is the cost of health care. There are also many more people

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## The Basics

Medicare is the federal health insurance program for people who are 65 or older and for certain younger people with disabilities and end-stage renal disease. There are four main parts to Medicare coverage (plus a supplemental plan) and these plans are offered by private insurance companies.

- **Medicare Part A (Hospital Insurance)**

covers inpatient hospital stays, care in a skilled nursing facility, hospice care and some home health care.

- **Medicare Part B (Medical Insurance)**

covers certain doctors' services, outpatient care, medical supplies and preventive services. You pay nothing for most preventive services if you get the services from a health care provider who accepts the assignment. In 2019, the standard Part B premium is \$135.50 per month (or higher depending on your income). Original Medicare includes Parts A and B and you're able to choose the doctors, hospitals and other providers that accept Medicare. In general, you'll pay a deductible or coinsurance for Part A and Part B services.

- **Medicare Part C (Medicare Advantage or MA)**

is an all-in-one alternative to original Medicare and includes Part A, Part B and typically Part D. The coverage is provided by private insurance companies approved by Medicare and you typically choose health care providers who participate in the plan's network. You typically pay a monthly premium for the MA Plan, in addition to the monthly premium for Part B. You'll also be responsible for a copayment and coinsurance for covered services and these plans have a yearly

limit for your out-of-pocket costs. Many MA plans offer vision, hearing and dental

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If you choose to buy a Medicare Supplement Insurance policy, the plan may pay some of the deductibles and coinsurance for Parts A and B.

## Enrollment

If you're already receiving Social Security benefits, you'll automatically be enrolled in Medicare Part A (Hospital Insurance) and Part B (Medical Insurance) when you turn 65 years old, but you can decline Part B coverage and sign up later. Since everyone has to pay a premium for Part B, you may delay this coverage if you're already covered by another plan.

If you're **not** receiving Social Security benefits, you need to sign up for Medicare. Most people should enroll in Part A when they turn 65 years old, even if they are covered through their employer's insurance plan. If you paid Medicare taxes while you worked, you won't have to pay a premium for Part A.

## Other insurance coverage

If you have Medicare and other insurance coverage, like employer or union, military, or veterans' benefits, each type of coverage is considered a payer. When you have more than one payer, you need to coordinate your benefits to determine which payer will pay first and which one will pay next.

The primary insurance company will pay up to the limits of the coverage, then the secondary insurance company will pay (up to coverage limits) if there are costs not covered by the primary insurer. Remember to tell your doctor and health care providers that you're covered by multiple insurers to help them determine where to send the bills and to avoid delays.

## Practical tips

- When you work into retirement years or have a spouse with employer coverage,

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- ~~Because you can only sign up between January and March each year.~~
- Your premiums for Parts B and D will go up if you're above the income thresholds (\$85,000 for single filers / \$170,000 for joint filers). If you're above the income cutoff, you may be able to make some financial moves to keep your income below the threshold.>
  - Keep in mind that providers sometimes make mistakes by billing the wrong plan or by failing to bill your secondary plan. Make sure each claim has made it through both plans before you pay.

## Wrap-up

Many Americans are reaching their retirement years and the Medicare system is complex. As a tax professionals, you can give valuable advice about Medicare to your clients and prospects by educating them and planning ahead to choose the right plan and avoid costly mistakes.

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*Mike D'Avolio, CPA, J.D., is Intuit's Senior Tax Analyst.*

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