

Coordinating Medicare and Employer Coverage

By Littman Krooks LLP | 12/26/06

Many people continue working past age 65. According to the U.S. Census Bureau, in 2002 18 percent of men and 10 percent of women over age 65 were still in the civilian labor force. Often, these jobs provide health coverage. But age 65 also is the age at which most people enroll in Medicare. Should those with insurance through their employment also enroll in Medicare?

This depends on whether your employer insurance will be the "primary" payer or the "secondary," according to the [Medicare Rights Center](#). A primary payer pays health bills first, while a secondary payer will sometimes pay a portion of the remaining balance after the primary payer. For people 65 and older, employer coverage is primary if the employer has 20 or more employees. Individuals with health coverage offered by such employers can delay enrolling in Medicare without a penalty (see below) at any time they still have group health coverage and for eight months after they lose group health coverage or stop working, whichever comes first. (This applies only to a group health plan based on current employment, not based on retirement benefits from employment.) Still, it may be worth paying the annual Medicare Part B premiums for Medicare to be your secondary payer. You should check with your employer's human resources department to find out.

If on the other hand there are fewer than 20 employees in the company, Medicare is the primary payer and you need to enroll in Medicare when you first become eligible. If you have not yet enrolled, you should enroll during your Initial Enrollment Period (a seven-month period including the three months before, the month of and the three months following your 65th birthday). If you delay, you risk having no coverage at all between the time your employer coverage ends and Medicare begins. This is so because you can enroll in Medicare only between January and March of each year, and your enrollment will not take effect until July. In addition, there is a 10 percent premium penalty for each year that enrollment is delayed. For example, if you enroll in Medicare in 2007 after having waited 3 years, your monthly Part B premium will be 30 percent higher than the current premium for your lifetime. Thus, to start out your monthly premium would be \$121.55 rather than \$93.50.

The Medicare Rights Center has published a booklet entitled, "Medicare and Employer Insurance: How They Work Together." To order a copy, go to:
www.medicarerights.org/publicationssupplemental.html

For more on the Medicare Rights Center, go to: <http://www.medicarerights.org/>

For more on Medicare, [click here](#).

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