




**FIVE QUESTIONS  
TO ASK ABOUT  
MEDICARE**



**FAMILY  
RETIREMENT  
SERVICES**



“...helps with the cost of health care but **doesn't cover all** medical expenses or long-term care.

**Medicare** is complex and today's changing health care landscape makes it more important than ever to fully understand how it works. If you or someone you know is near retirement, you may have questions about how to enroll in Medicare and what Medicare covers. Here are answers to some common questions about Medicare that can help you understand your options and avoid costly errors or gaps in coverage.

---

## 1. What Does Medicare Cover?

Medicare is a national health insurance program that helps with the cost of health care but doesn't cover all medical expenses or long-term care. Though Medicare may cover many of your health-related expenses in retirement, it's important to think ahead about whether you need to buy a Medicare supplement policy or Long-Term Care policy to help cover additional costs. Medicare consists of four parts:<sup>1</sup>

**Part A** is hospital insurance that helps pay for inpatient care in a hospital or skilled nursing facility, some home health care, and hospice care.

**Part B** is medical insurance that helps pay for visits to doctors and other health care providers, outpatient care, some home health care, durable medical equipment, and some preventive services.

**Part C Medicare Advantage (MA)** plans are approved third-party health plans that combine Part A and Part B coverage and may include prescription drug coverage as well. Premiums and benefits vary widely, so it's a good idea to compare plans and networks in your area.<sup>2</sup>

**Part D** helps pay for the cost of prescription drugs.

Under current regulations, Medicare Part A and Part B don't pay for:<sup>3</sup>

- Long-term care
- Most dental care
- Eye exams for prescription lenses
- Dentures
- Cosmetic surgery
- Acupuncture
- Hearing aids and fitting exams
- Routine foot care

You can pay for these services out of pocket or sign up for a Medicare health plan that covers additional services.<sup>4</sup>

## 2. How Much Will I Pay in Medicare Premiums?

Most people don't have to pay premiums for Part A if they (or their spouse) worked and paid Medicare taxes. However, you'll have to pay a premium for Part B if your annual income is above a certain level, and you may have to pay an additional monthly charge.<sup>5</sup> Premiums for Part C and Part D vary by plan.



### 3. Do I Have to Enroll in Medicare if I am Still Working?

Not necessarily. If your employer has 20 or more employees eligible for health insurance coverage—and the coverage is similar to Medicare—you can delay enrolling in Medicare Part B without penalty, even if you're over age 65. You can also choose to enroll in Medicare to fill in any gaps in your employer's health insurance plan.<sup>6</sup>

### 4. Is Medicare Enrollment Automatic?

Not always. If you're already age 65 or older, you're automatically enrolled in Medicare Part A and Part B if you claim Social Security benefits, even if you suspend your benefits later. Otherwise, Medicare rules require you to sign up for Medicare during the three months before the month of your 65th birthday and the three months after, even if you're not retired (unless your employer plan qualifies).<sup>7</sup>

Failing to enroll during that initial enrollment period can be costly because your Medicare premiums may go up.<sup>8</sup> If you missed your window, you can sign up during the general enrollment period between January 1 and March 31 each year.<sup>9</sup>

If you were eligible for coverage under a group health insurance plan, you're entitled to an eight-month special enrollment period starting the month after you stop working. Keep in mind that COBRA and retiree health plans are not considered eligible coverage, and you won't qualify for a special enrollment period once that coverage ends.<sup>10</sup>

### 5. Can I Make Contributions to an Employer-Sponsored Health Savings Account if I am on Medicare?

No. IRS regulations prohibit you from contributing to a Health Savings Account (HSA) once you're enrolled in Medicare. You can draw down money that you already contributed to the account, but you can't make any additional contributions.<sup>11</sup> You may be able to use HSA distributions to pay some premiums and out-of-pocket expenses related to Medicare, though you should check with a qualified tax advisor first.<sup>12</sup>

---

#### How We Can Help

Navigating the maze of Medicare can be daunting, and we'd like to offer ourselves as a resource. We have helped many of our clients strategize for their potential health care cost options in retirement and create strategies that fit their goals. If you have questions about health care, please contact our office.



# FAMILY RETIREMENT SERVICES

Family Retirement Services

561.310.6688

www.frsinvestmentadvisors.com

Advisory services offered through FRS Investment Advisors, LLC (FRS) a Florida registered investment adviser. The information contained in this message may be privileged and confidential, and is intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is unlawful and strictly prohibited. FRS does not represent this information is complete or accurate and it should not be relied upon as such. All information is subject to change without notice. For your protection, please do not include account numbers, Social Security numbers, credit card numbers, passwords, or other non-public information in your e-mail. The information provided in e-mail or its attachments is not an official transaction confirmation or account statement. If you are a client of FRS, your official account statements are mailed to you or made available to you electronically if you have chosen such option. In accordance with industry standards and practices, FRS retains e-mail messages for a period of time. Those messages are kept confidential in accordance with FRS's privacy policy.

The content of this document is for educational purposes only. The company providing this document is not associated with the U.S. Department of Health and Human Services, the Social Security Administration or any other government agency. Customers can get more information about Medicare by calling 1-800-MEDICARE or by visiting MyMedicare.gov.

[1] <http://www.ssa.gov/pubs/EN-05-10043.pdf>

[2] <https://medicare.com/medicare-advantage-part-c/medicare-part-c/>

[3] <http://www.medicare.gov/what-medicare-covers/not-covered/item-and-services-not-covered-by-part-a-and-b.html>

[4] <http://www.medicare.gov/sign-up-change-plans/medicare-health-plans/medicare-health-plans.html>

[5] <http://www.medicare.gov/your-medicare-costs/part-a-costs/part-a-costs.html>

[6] <http://www.aarp.org/health/medicare-insurance/info-03-2011/ask-ms-medicare-question-94.html>

[7] <http://www.medicare.gov/sign-up-change-plans/get-parts-a-and-b/when-sign-up-parts-a-and-b/when-sign-up-parts-a-and-b.html>

[8] <http://www.medicare.gov/your-medicare-costs/part-b-costs/penalty/part-b-late-enrollment-penalty.html>

[9] <http://www.medicare.gov/sign-up-change-plans/get-parts-a-and-b/when-sign-up-parts-a-and-b/when-sign-up-parts-a-and-b.html>

[10] <http://www.medicare.gov/sign-up-change-plans/get-parts-a-and-b/when-sign-up-parts-a-and-b/when-sign-up-parts-a-and-b.html>

[11] <http://www.medicareinteractive.org/get-answers/types-of-medicare-advantage-plans-hmos-ppos-and-more/health-savings-accounts-hsas-and-medicare>

[12] <http://www.irs.gov/publications/p969/ar02.html>