

MEDICARE OPTIONS DURING RETIREMENT

Americans 65 years of age and older face a number of choices when it comes to Medicare healthcare coverage. We look at the top considerations.

Medicare is available to virtually all U.S. citizens and legal residents 65 years of age and over who have previously worked and paid U.S. taxes or who are/were married to someone who did. And while this opens a host of healthcare coverage options, there are important considerations to help you make the best decision for your personal circumstances.

Medicare overview

As the largest health insurance program in the United States, Medicare is available when you turn 65 if you are eligible for Social Security or Railroad Retirement Board benefits, or if you've paid Medicare taxes while working in a government job. Medicare coverage is available in various parts:



Medicare Parts A and B are referred to as Original Medicare

Part A pays for hospital stays and follow-up costs associated with those stays. It also covers various outpatient medical services, such as short-term skilled nursing facilities, physical therapy, and some home healthcare services, including hospice care.

Part B pays for doctor visits and other medical care administered on an outpatient basis. It may also include the costs of medical equipment/devices and tests. You must sign up for Part B when you turn 65 or else face penalties if you sign up for it later.

If you elect Original Medicare (Parts A and B), you should still expect to pay out-of-pocket costs, including copayments and deductibles. Additionally, prescription drugs, vision care, dental care, and hearing services are not covered by Original Medicare.

To address out-of-pocket costs and those elements that are not covered by Original Medicare, you can purchase Medicare supplement insurance and a standalone Medicare Part D plan that helps pay for prescription drugs.

Part C (also called Medicare Advantage) is an option offered by private insurance companies. This generally provides all of the coverage in Original Medicare plus Part D prescription drug coverage and additional benefits (dental, vision, and hearing services). However, this type of plan may restrict your choice of medical providers and treatment options.

Part D is standalone prescription drug insurance. Most Part D plans require that you pay a premium. You must sign up for this at age 65 or else be subject to penalties if you sign up for it later.

Premiums for Parts C and D depend on your income and benefits selected. Low end pricing starts at around \$100 per month for each, and can go up to \$600 per month for high-income individuals.

To cover out-of-pocket deductibles and copayments, you can also sign up for a private Medigap policy at a cost of \$100 to \$200 per month (approximate).

Non-Medicare coverage issues

If you remain in the workforce past age 65 and have employer-sponsored health insurance as well as Medicare coverage, you may be asked to sign up for Part A, using your employer coverage for Parts B and D. If you continue with your employer coverage past age 65 (or if you're not in the workforce but are covered by your spouse's employer-sponsored health plan), you will not incur a penalty if you later sign up for the optional Medicare parts when your employer coverage ends.

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MC-1365950ART20-1222

