

Boomers, Retirement and Medicare:

How Understanding the Medicare Enrollment Process Can Help Prevent Financial Penalties or Coverage Lapses

The Facts

Traditionally, people have associated their 65th birthday with retirement. But for many of the 10,000 baby boomers who are turning 65 every day for the next decade, retiring at this age may not be realistic. According to a 2011 poll conducted by the Associated Press and LifeGoesStrong.com, 73 percent of boomers are planning to work past traditional retirement age. In fact, a 2012 survey by UnitedHealthcare and the National Council on Aging found that one in five Americans aged 65 and older are still employed either full or part time.

It is important for boomers to understand that timing matters when enrolling in Medicare. Even if they continue to work past age 65 and receive insurance through an employer, understanding the Medicare enrollment process may help them avoid coverage lapses or financial penalties in the future.

The Risks of Delaying Medicare Enrollment: Financial Penalties and Coverage Lapses



Most people get Part A for no monthly premium, so generally, there are no penalties for signing up for Part A late.



Most beneficiaries pay a 10 percent penalty on their Part B premium for each year they delay enrollment. This penalty is added to their monthly premium for the remainder of the time that they are enrolled in Medicare. Because this penalty is calculated as a percentage of the Part B premium, any increases to the cost of Part B will result in an increased penalty.



Those who miss the Initial Enrollment Period must wait to join a plan during the Open Enrollment Period (OEP), which is the annual period when Medicare beneficiaries can make changes to their coverage. Delaying enrollment until this period may result in a coverage lapse. This year, the OEP is Oct. 15-Dec. 7.



The late enrollment penalty for Part D, which is set by Medicare, is an amount added to the Part D premium. For each month individuals delay enrollment, they may pay an additional one percent of the national base Part D premium per month. They will pay that penalty for as long as they are enrolled in a Medicare plan with Part D prescription drug coverage.

To learn more, visit www.Medicare.gov or watch the “Retirement and Medicare Basics” video in the Resource Center section of MedicareMadeClear.com.

To arrange an interview with an expert who can discuss what boomers should consider as they are making decisions about retirement and Medicare enrollment, please contact Sarah Bearce, UnitedHealthcare, 952-931-4732, Sarah_Bearce@uhc.com.



Delaying Retirement vs. Delaying Medicare Enrollment: What Baby Boomers Should Know

Most boomers who continue working and have employer-sponsored coverage past the age of 65 can delay Medicare enrollment, but to avoid paying a financial penalty or experiencing a coverage lapse, they should follow these steps:

- **Ask Questions to Get Educated on Medicare Basics:** Boomers should speak with their human resources coordinator or benefits administrator to learn more about the Medicare enrollment process and the decisions that must be made before and after retirement. Online resources such as MedicareMadeClear.com and Medicare.gov may also be helpful.
- **Plan Ahead:** A Medicare Advantage application can take up to three months to process. To avoid a lapse in coverage after retirement or when employer-sponsored coverage ends, boomers should make their decision a few months in advance.
- **Understand How Enrollment Periods Work:**

Initial Enrollment Period:

This is the seven-month window that begins three months before an individual's 65th birthday, includes their birthday month and ends three months after. If individuals choose to delay enrollment in Medicare, they must notify Medicare to avoid a future penalty.

Open Enrollment Period:

This is the annual period when Medicare beneficiaries can make changes to their coverage. Those who miss their Initial Enrollment Period may have to wait until the Open Enrollment Period to enroll in Medicare, which may result in a coverage lapse.

Special Enrollment Periods:

If individuals retire after their 65th birthday, they may be able to sign up for Medicare during a Special Enrollment Period. For Parts A and B, this period lasts eight months after the month of retirement or the month their employer health plan coverage ends. Delaying enrollment beyond that eight-month period could result in penalties on the Part B premium. For Medicare Advantage and Part D, individuals have only two months following retirement or a loss of employer-sponsored coverage to enroll before incurring penalties or risking a coverage lapse.

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