

Transitioning to Medicare - Part 1

By Ken Piwowar

This article is intended for those who are getting ready to make the transition to Medicare. I turned 65 in June of this year and have been going through this process this year. This is the first of a two-part series.

First, to be eligible for Medicare, you have to be 65 years old and have 40 credits (formerly called “quarters”) from your Medicare earnings over the years. You can earn up to 4 credits per year while you are working and paying into Medicare via payroll deductions. However, having 40 credits is not a “given” for employees who have spent the majority of their career at Triton. Over the years, Triton was deducting for SURS, but not Medicare or Social Security. Thus employees could not earn credits for Medicare while at Triton – they had to have the credits from work before their Triton career. However, in 2006, there was a change that allowed Triton employees to opt to have a Medicare deduction each paycheck (1.45%) in order to be able to earn Medicare credits if they were short of the 40 needed. This was an option I chose because I had 31 Medicare credits as of the beginning of 2006. I earned 12 more credits to reach 43 by the time I retired in 2008. If you do not have 40 credits, you could also qualify for Medicare under your spouse, provided your spouse has 40 credits and is at least 62 when you turn 65. If this doesn’t apply, you can still get Medicare with less than 40 credits, but you will have to pay higher premiums.

The next question is when to apply for Medicare. You can apply up to 3 months before the month of your 65th birthday. For example I have a June 12 birthday, so I could apply any time starting March 1. By the way, Medicare becomes effective the first of the month you turn 65, so I was “Medicare eligible” on June 1 (11 days before I actually turned 65).

The next issue is how to apply for Medicare. The best way is to apply online through the Medicare web site at www.medicare.gov. Look for the “Sign up” button in the upper left quadrant of the home page. It took me about 11 minutes to fill out the application online. They ask for your social security number and demographic info and then ask you a few questions about the Medicare coverage you want. If you are still employed when you apply, you will be asked a few questions about your current employment, so that may take a few minutes longer. I received my Medicare card in the mail less than 3 weeks after I applied online. Overall, it was a very easy and straightforward process.

Applying online via the Medicare web site is the recommended way to go, but if you are uncomfortable with that or don’t have a computer, you can apply the “old fashioned” way by going to your local Social Security office. Be prepared to take a number and sit in the waiting room. You can also call Social Security at 1-800-772-1213.

What exactly do you get with Medicare? There are several parts to Medicare:
Part A – Hospital and nursing home. Part A is free, although there are deductibles.

Part B – Doctors, outpatient, lab tests, x-rays, and some other medical services. The Part B premium is currently \$104.90 per month, payable in quarterly installments to Medicare. The premium is higher for people who earn more than \$85,000 (single) or \$170,000 (joint return). There is an annual deductible of \$147 on Part B.

Part D – Prescription Drug coverage. There would be a monthly cost for this, but since I retained the SURS College Insurance Plan as my supplemental, I was covered there and did not have to take Part D.

Note that Medicare does NOT cover dental or vision care.

If you currently have health insurance through SURS, be sure to notify SURS when you receive your Medicare card. They will require that you send them a copy of your Medicare card.

The next question is what to do about a supplemental plan to Medicare, since Medicare does not cover everything. I was told by SURS that I could retain my College Insurance Plan through CIGNA as a supplemental, but only until Dec. 31 of this year. The cost for that is \$105.99 per month and includes Prescription coverage and Dental and Vision care.

For the period starting Jan 1, 2015, I will not be able to continue with the SURS insurance as a supplemental plan. There are a number of alternatives for me, including the State's Medicare advantage plan (called TRAIL) and supplemental policies offered through private insurance companies.

Supplemental insurance plans (also called Medigap policies) will be discussed in Part 2 of this article, which will be in the Spring, 2015 newsletter.