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SHIIP – Iowa Insurance Division, 515-281-5705

Two Things You Need to Know Before Enrolling in Medicare

The Iowa Insurance Division’s Senior Health Insurance Information Program (SHIIP) talks to thousands of Iowans every year about enrolling in Medicare.

“There is a lot of information for Iowans to digest when they are deciding whether to enroll in Medicare,” Kris Gross, director of SHIIP said. “The top two misconceptions we hear from Iowans are that there is a requirement to sign up for Medicare Part A at age 65 and to enroll in Medicare Part B even if the person is continuing to work and has employer health insurance. Neither is true.”

Iowans with questions about Medicare may call SHIIP at 800-351-4664 (TTY 800-735-2942) or visit www.therightcalliowa.gov. SHIIP counselors are available in communities across Iowa and are available to help answer your questions and assist with problems you have concerning Medicare and related health insurance. SHIIP is a service of the State of Iowa Insurance Division. All services are free, confidential and objective.

Correct information about the top two misconceptions that SHIIP hears from Iowans are below.

First Misconception: You’re required to sign up for Medicare Part A at age 65. (This is not true.)

If you or your spouse continue to work and have insurance from this work, you are not required to enroll in Medicare. Medicare Part A is free for most people because of their FICA contributions while employed. For this reason, people usually sign up for Part A when they become eligible.

However, since Health Savings Accounts (HSAs) with high deductible health plans have become more popular as an employee health benefit, automatically signing up for Part A needs to be reconsidered and may not be in your best interest. If you continue to work and enroll in Medicare Part A and/or B, you and your employer can no longer make contributions to the HSA. There may be a tax penalty if you do. You can use the money in your HSA but you cannot make new contributions.

Even if your current employer does not offer a HSA, delaying Part A keeps this option open for potential future employment. Keep in mind, those entitled to free Part A will automatically be enrolled once you start receiving your Social Security benefit.

Remember, if you delay enrollment, when you finally do apply for Medicare the effective date of Part A may be back dated up to six months from the date you apply. To avoid a tax penalty, you should stop contributing to your HSA the month to which your Part A is back dated.

Second Misconception: I need to enroll in Medicare Part B even if I continue to work and have employer health insurance. (This is not true.)

A person who is actively employed with health insurance from that employer, can delay enrolling in Medicare Part B without a penalty until they quit working—no matter the employer size. Large employers must pay primary (first) while the person is working and Medicare pays secondary. Small employers do not have to pay primary.

Often workers are told the small employer insurance will continue to cover them, not understanding that the language in their employer health insurance may require they enroll in Medicare. If they don't, the policy will pay secondary to Medicare even if they don't enroll. It is very important to talk to the insurance company providing your employer coverage to verify if Medicare enrollment is necessary because the plan will only pay after Medicare pays.

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