

Medicare Awareness Guidelines

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As the transition to retirement and Medicare is front of mind for many of our clients, the purpose of this document is to provide some preliminary information about the Medicare system. Medicare is a health insurance program for people who are 65 or older, certain younger people with disabilities, and people with End-Stage Renal Disease.

If you do not already have one, we recommend that all clients create a “My Social Security” account with the Social Security Administration using the below link. From this account, you will be able to sign up for Medicare, view a Social Security benefit estimate, and eventually elect Social Security benefits:

[https://www.ssa.gov/myaccount/?](https://www.ssa.gov/myaccount/)

Medicare has many different plans and the terms can often get confusing. Below you will find the most common terms and their definitions:

- **Medicare Part A (Hospital Insurance)** Part A is normally free and most people become eligible at age 65. Part A covers inpatient hospital stays, care in a skilled nursing facility, hospice care, and some home health care. *Note that the number of days that are covered is limited.
- **Medicare Part B (Medical Insurance)** Part B covers certain doctors' services, outpatient care, medical supplies, and preventive services. This includes services or supplies that are needed to diagnose or treat your medical condition and that meet accepted standards of medical practice as well as health care to prevent or detect illness. The cost of Part B depends on your income level but has a base cost of \$185.00/ month in 2025.
- **Medicare Part C (Medicare Advantage Plans)** These plans combine Part A, Part B, and typically Part D coverage into one bundled plan provided by a **private insurance company** and typically include additional coverage for dental and vision. You pay the monthly Part B premium and may have additional premiums based on the plan you choose.
- **Medicare Part D (prescription drug coverage)** is added to Original Medicare. This helps cover the cost of prescription drugs (including many recommended shots or vaccines).
- **Medigap** is added to Original Medicare (Part A and B) to help cover the cost of copays, deductibles, etc. not covered by Original Medicare. Medigap does not cover services not already included in Original Medicare such as dental or vision.



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Parts A and B together make up “Original Medicare”. Original Medicare is similar to a PPO plan in which you can visit specialists without a referral and will have coverage at a much more expansive list of facilities across the country. Because of the larger network, Original Medicare is typically more expensive than Part C plans. If you value the freedom of choosing your own specialists or plan to travel a lot and may need care from various locations, Original Medicare with a drug plan and Medigap policy may make the most sense for you. You will need to purchase separate dental and vision insurance.

Medicare Advantage plans are most similar to an HMO plan in which you have a much smaller, localized network, and will pay less on a monthly basis. If you value the lower monthly premium, do not typically visit specialists, and don’t expect to need care outside of your region, a Medicare Advantage plan may make most sense. You will need to research and choose a Medicare Part C plan on your own. You can always switch to Original Medicare during the open enrollment periods each year if your need for specialists or a wider network changes.

Please note that you either choose Original Medicare OR a Part C Advantage Plan. Part D drug plans and Medigap are separately added to Original Medicare, but are not added to Part C plans. For example, you could choose to have Part A/B “Original Medicare” OR Part C. Alternatively you could elect to combine Parts A/B/D/Medigap OR A/B/D OR A/B/Medigap OR only Part C.

Part A coverage is almost always free, however you need to enroll in Parts A and B if you are not already receiving Social Security benefits. **If at age 65, you or your spouse are still employed and receiving *qualified* healthcare benefits through an employer**, you may not need to enroll in Part B right away if you don’t want to. *****Confirm with your HR department that your employer coverage meets Medicare requirements to avoid penalty*****

Enrolling in Part D or a Part C plan with drug coverage is important once you turn 65 or leave your employer’s coverage, whichever comes later. Failing to enroll in Part D on time will result in a late enrollment penalty which increases with each month you lacked coverage. This penalty is due every month for the rest of your life.

You will have an 8-month Special Enrollment Period once retired to enroll in Part B and avoid a late enrollment penalty. HOWEVER, you will only have **2 months to enroll in Part C or a Part D drug plan** before incurring a late penalty related to drug coverage. Part C includes qualified drug coverage, but if you do not have qualified drug coverage within 63 days of losing employer coverage you will begin accruing a Part D late enrollment penalty. So effectively, **you have 2 months to enroll in full coverage before being penalized by Part D.**



Things to be aware of – PLEASE READ:

- Part A enrollment begins at age 65 for most people. The Part B enrollment window begins 3 months prior to the month you turn 65, includes the month you turn 65, and 3 months after the month you turn 65. **There are late enrollment penalties for Part B,** unless you have had creditable coverage between age 65 and Part B enrollment as discussed above.
- You can change your coverage/plan each year during certain open enrollment windows. **General open enrollment is Oct 15-December 7th each year.**
- If you elect Original Medicare, it is recommended that you also sign up for at least a minimal Part D drug plan even if you do not need coverage currently **in order to avoid late enrollment penalties in the future. Part D late enrollment penalties increase your premiums permanently.**
- Make sure that your employer plan qualifies to avoid Part B and Part D penalty in the future.
- The best time to buy a Medigap policy is during your **6-month Medigap Open Enrollment Period which begins once you enroll in Part B.** You generally will get better prices and more choices among policies during this time. After this enrollment period you may be required to have a health exam prior to being insured or not be able to buy a Medigap policy at all. If you are able to buy one, it may cost more due to past or present health problems.
- **For those who plan to delay benefits, do not make any HSA contributions within 6 months of your retirement/starting Medicare – you may be penalized. Penalties do not apply for contributions made prior to age 65.**

This document is meant to provide a high-level overview of Medicare and help you to be aware of some of the pitfalls of the system. This is not a comprehensive guide. **For more information, please use the following resources or reach out to our office:**

The Medicare website where you can find all of this information and much more.

<https://www.medicare.gov/>

The 2025 “Medicare & You” handbook which is extremely helpful and outlines how to get enrolled in Medicare and all of the additional considerations.

<https://www.medicare.gov/publications/10050-medicare-and-you.pdf>

For more cost information, visit this link:

<https://www.medicare.gov/Pubs/pdf/11579-medicare-costs.pdf>



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