



**SHIP**

State Health Insurance  
Assistance Program

Navigating Medicare

# Eligible for Medicare & still Working?

## Navigating Employer Insurance and Medicare



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*Are you insured through your employer, 65 or older, and still working?  
You have the option to keep your employer insurance if your organization has more than 20 employees and the insurance meets minimum coverage criteria.*

- If you stay on your employer insurance and do not have an HSA, you may want to sign up for Medicare Part A. It is premium-free for most people and serves as secondary insurance for inpatient hospital care, skilled nursing facility, hospice, lab tests, surgery, and home health care. To sign up for Medicare Part A, contact your local social security office (866) 613-9904, or enroll online at SSA.org
- You are not required to have Medicare Part B if you have creditable coverage from an employer or spouse's employer. You can take Part A and may choose to defer enrollment in Medicare Part B coverage to save money. When you do stop working or decide to switch to full Medicare coverage, you will not be penalized if you had creditable employer coverage before the switch.

### What is Creditable Coverage?

Health insurance that covers as much as, or more than, Medicare Part A and B. Creditable coverage also refers to prescription drug benefits that cover as much as, or more than, Medicare Part D. Examples of Creditable Coverage: Employee Group Health Coverage (EGHC), Veterans' Benefits, and TRICARE (military health benefits).

### How do I decide between Medicare and Employer Group Health Coverage?

Compare plans! It depends on the cost of premiums, deductibles, and co-pays through the employer plan, and what is chosen for Medicare coverage. In some cases Medicare may provide better coverage at a lower cost than an employer plan and sometimes it does not.

Comprehensive Medicare coverage averages \$350 or less per month with minimal deductibles and co-pays. It is best to compare employer plans and Medicare plans to see what makes the most sense for your set of circumstances and medical needs.

\*If you have group health plan coverage through an employer who has less than 20 employees, Medicare pays first, and the group health plan pays second. Depending on plans, you may receive better coverage at a better cost if you switch to full Medicare. Comparing plans is always a great idea.



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## Health Savings Account (HSA) account with Medicare

If you have an Employee Group Health Plan, you may continue to contribute to your HSA. Once you enroll in Medicare (including Part A), you are no longer eligible to contribute funds to an HSA. You can use existing money in an HSA to pay for certain Medicare costs. You will receive a tax penalty on any money you contribute to an HSA once you enroll in Medicare. You can withdraw your HSA funds for non-qualified expenses at any time, although they are subject to regular income tax. You can avoid paying taxes by continuing to use the funds for qualified medical expenses.

\*The Social Security Administration makes retirement benefits retroactive for six months prior to an individual's application, so it is important to stop making contributions to your HSA at least six months before you apply for Social Security. You can decline Part A if you have a EGHP and want to continue contributing to your HSA. You cannot decline Part A if are collecting Social Security benefits.

### Can I change my mind?

You can end your employer coverage and start Medicare at anytime. Your employer will need to fill out a form of creditable coverage to document that you had Employer Group Health Plan to avoid penalties for starting Medicare Part B after you became eligible. Medicare always starts on the first day of the following month, so choose your employer insurance end date accordingly. This also applies when the employer insurance ends when you leave or retire from the job.

## Transition from Employer Group Health Insurance (EGHI) to Medicare?

1. Ask employer/benefits administrator if you have retiree coverage & how it works with Medicare.
2. Check when current coverage ends (if you work 1 day in a month, in most cases your coverage is good for the whole month). Sign up for Medicare about 6 weeks before you would like coverage to start. Medicare start date usually is the 1st of the month. Signing up for Medicare before your current coverage ends can help avoid a gap in coverage.
3. Ask employer to fill out the employment form for creditable coverage. You'll need to submit this form to SSA to qualify for a Special Enrollment Period to sign up for Medicare without penalty.
4. Following enrollment in Part A & B, look for Medicare plans and options in your area. To help you navigate this, reach out to your local State Health Insurance Program (SHIP) 970-315-1329.
5. If you join a Medicare Advantage Plan or Medicare drug plan, coverage starts the first day of the next month.

### What is COBRA?

COBRA (Consolidated Omnibus Budget Reconciliation Act) allows you to keep your employer Group Health Insurance Plan for a limited time once employment ends. This program's continuation of coverage is meant to help protect you from ending up with no health insurance right after you retire. This coverage is not required and will typically end once you enroll in Medicare.

You may stay on COBRA up to 8 months before starting Medicare without penalty. However, you want to determine if the additional fees and expenses associated with COBRA make sense financially.

\*COBRA is not considered Creditable Coverage under Medicare.

For more questions reach out to your local Medicare State Health Insurance Program (SHIP)  
Serving Eagle, Grand, Jackson, Pitkin, Routt, and Summit County 970-315-1329