

Help Your New-to-Medicare Clients Prepare for Medicare

As benefits counselors, you know the needs of your “new to Medicare” clients can change over the years. In recent years we’ve seen more and more people “aging” into Medicare who are recently unemployed, without insurance, and living on a very limited income with scarce resources. We’ve also seen those who are over the age of 65 and staying in the workforce. Both groups are in need of your help, but both have different needs.

So, as your clients reach the time when they are eligible for Medicare and they present a need outside the previous norm (“I’m retiring at 65, ready for my Medicare”), there are a few things they will need to know about *just when* and *how to* enroll in Medicare, and when their coverage will begin. Here we will explain what Medicare means to these new clients and how they can prepare to join Medicare, depending on their unique situations.

Early Retirees or Unemployed before Turning 65

If your clients retire or are unemployed before turning 65, there are some things they need to know about their eligibility to join Medicare.

They cannot get Medicare until they turn 65 unless they are found disabled (more on that later). Therefore, they should be sure to arrange for health insurance before taking *early* retirement.

If they are unemployed, they should look into getting health insurance through their previous employer, or through a spouse’s job. If they have limited income and resources, they may be eligible for health insurance through your state (Medicaid).

As your clients approach their 65th birthday, they need to know that there are certain times when they can sign up for Medicare. And, they should enroll on time. If they wait to sign up, they may have to do just that – *wait* until an allowable enrollment period – and they may also have to pay penalties in the form of higher monthly premiums when they do join.

If they are already getting Social Security benefits, like early retiree or disability benefits, when they turn 65:

- They **will be** automatically enrolled in Medicare Part A and Part B. They do not need to do anything. Their [Medicare card](#) and "Welcome to Medicare" kit will come in the mail usually the month before their 65th birthday. They can just sign the front of the card and start using it.

If they are not yet getting Social Security benefits when they turn 65:

- They **must apply** for Medicare. If they do not apply, they will not be enrolled. They should contact Social Security at 1-800-772-1213, or visit them [online](#) at least 3 months before their 65th birthday. Once they enroll, their Medicare card and "Welcome to Medicare" kit will come in the mail. Again, they can just sign the front of the card and start using it.

Either way, once your clients enroll in Medicare Parts A and B, they should also review the other options in Medicare, such as the [differences between Original Medicare and a private Medicare Advantage health plan](#) and the [Part D prescription drug coverage benefit](#). They will also want to:

- Find out how to get coverage to [supplement or wrap around Medicare](#), and
- Find out more about [programs to help cover their Medicare costs](#).

People Working Past Age 65

Many baby boomers—those born between the years of 1946 and 1964—are faced with the decision of whether or not to work past the age of 65. (For baby boomers, the retirement age to get *full* Social Security retirement benefits starts at 66. So, while they can retire before turning 66, they may not get their *full* Social Security [retirement benefits](#).) That said, they still need to consider Medicare when they turn 65 regardless if they continue to work or not.

If your client is still working after turning 65 (or a spouse is still working) for a company with at least 20 full-time workers AND gets health insurance from that company (or a spouse's company), your client may not need *all of* Medicare when turning 65. He can delay certain parts of Medicare, and get them later when he retires. (He can also get Medicare later if after turning 65 he loses his job-related insurance.)

That said, most people should enroll in Medicare Part A when they turn 65, **even if they have employer health insurance**. This is because it is free for most people who are eligible for Medicare. Why is it free? We pay for Medicare Part A through payroll deductions (FICA) while we work. And, if your client currently has insurance through a job, Medicare Part A may not pay much toward health care costs because Part A generally pays after ("secondary") the job's insurance. Also, by taking Medicare Part A when first eligible your client won't need to worry about enrolling later.

Note: If your clients get insurance from a job (or a spouse's job), they should be sure and talk with the employer's human resources department first before making any decisions about Medicare. They should see how the job's insurance *may* change

when they get Medicare, even Medicare Part A. For example, some people have a kind of health insurance through their work called a [Health Savings Account](#) (HSA). If they have an HSA, they may need to delay Medicare Part A. That's because an employer may stop contributing to an HSA account once your client enrolls in Part A. It's important for them to speak with their job's human resource department to see how Medicare may change their job-related insurance benefits.

If your client works for a small company (fewer than 20 employees) or is self-employed, he will probably need to take Medicare Part B in addition to Part A when turning 65.

- Learn more about [delaying Medicare Part B](#).
- Learn more about [Medicare Part D prescription drug coverage](#) and why your client needs to know whether he has "creditable drug coverage."

To apply for Medicare, your clients must contact Social Security at 1-800-772-1213, or visit them [online](#). Once enrolled, your client will get a Medicare card and "Welcome to Medicare" kit in the mail.

People Living with a Disability

Most people on Social Security disability benefits are eligible to get Medicare before they reach the age of 65:

- *Does your client get Social Security Disability Insurance benefits?*

The Social Security Disability Insurance (or [SSDI program](#)) provides income to people who are found disabled and unable to work, and have sufficient work credits through the Social Security Administration (SSA). SSDI benefits usually start 6 months after your client is found disabled by SSA.

Note: People who have not worked long enough (or do not have sufficient credits through a spouse/parent) are eligible for what is called SSI, or Supplemental Security Income. The [SSI program](#) gives cash to people who have very limited income to meet their daily needs and who have not worked long enough to get SSDI. These people can be 65 or older, or younger and unable to work because of a disability. The SSI program is not the same as SSDI. Your clients can usually get Medicaid from their state when they get SSI, but they do not qualify for Medicare until they turn 65.

After your client receives SSDI benefits for 2 years (24 months), he can get Medicare. Your client does not have to do anything to enroll in Medicare. He will automatically be enrolled. His Medicare card should arrive usually around the 23rd month that he gets

disability benefits. If it does not come by the 24th month, he should contact Social Security at 1-800-772-1213, or visit them [online](#). His Medicare benefits should begin the 25th month he gets SSDI.

Once enrolled in Medicare Parts A and B, your client should review the other options such as getting Part D prescription drug coverage.

- *Has your client been diagnosed with Lou Gehrig's disease, also called Amyotrophic Lateral Sclerosis (ALS)?*

People who are diagnosed with Lou Gehrig's disease/ALS also get their Social Security disability insurance (SSDI) benefits 6 months after being found disabled by Social Security. Their Medicare benefits will also start at this time. That's because the Medicare 24-month "waiting period" does not apply to Lou Gehrig's/ALS patients.

They do not have to do anything to enroll in Medicare. They will automatically be enrolled. Once enrolled in Medicare Parts A and B, they should review the other options such as getting Part D prescription drug coverage.

- *Has your client been diagnosed with End-Stage Renal Disease, sometimes called ESRD?*

Regardless of age, if your client has been diagnosed with [End-Stage Renal Disease](#) (ESRD) and is on dialysis for 3 months, or has had a kidney transplant, he is automatically eligible for Medicare. He does not have to have been collecting SSDI benefits to get Medicare. This is because some people with ESRD continue to work, and never apply for disability benefits. Either way, your client is eligible for Medicare. The start date of Medicare benefits depends on the type of treatment your client is getting.

Note: If your client gets health insurance through a job (or a spouse's job), he should talk with his human resources department to find out how benefits may change if he enrolls in Medicare. In general, job health insurance will continue to pay first for 30 months (2.5 years). So, he may want to delay Medicare.

When to Join and How Soon Coverage Begins

Initial Enrollment Period

Anyone who is eligible for Medicare has what is called an Initial Enrollment Period (IEP). The IEP is the 7-month period during which a person can enroll in Parts A, B, and D. The 7-month IEP includes the 3 months before the birthday month, the actual 65th birthday month, and the 3 months after. (For those who are eligible for Medicare because of a disability, their IEP begins during the 22nd month of receiving Social Security Disability Insurance, or SSDI benefits, with coverage starting in the 25th month.)

Example: Marvin turns 65 on July 15. His birthday month is July. Therefore, his IEP is from April to October. He can enroll in Medicare during any one of these months.



Exception: There is an exception for people who are born on the first day of the month. This is because Medicare and Social Security follow the rule that a person reaches his age *the day before* his actual birthday. Therefore, if a person is born on the first day of the month his IEP would begin a month sooner than his actual birthday month.

Example: Sheila will turn 65 on July 1. However, her “birthday month” for enrollment purposes is considered June (because Medicare and Social Security recognize that she reaches her 65th birthday on June 30, *the day before* her actual birthday.). Therefore, her IEP is from March to September.



When will Medicare coverage begin during the IEP?

Medicare coverage will always take effect on the first day of the month. That is, coverage will never start, for example, in the middle of the month. However, just *how soon* Medicare coverage will begin after your client enrolls will depend on two factors:

- The *month* your client enrolled during the 7-month period, and
- The part of Medicare he enrolled in (that is, in Parts A and/or B, or in Part D).

See the following quick-reference charts and examples that help explain how the effective dates work:

Parts A and/or Part B: Initial Enrollment Period (IEP)	
Your client enrolls anytime during:	Coverage will begin 1st of:
The 3 months <i>before</i> birthday month	Birthday month
Birthday month	Month following month of enrollment
5 th month of IEP	2 months following month of enrollment
6 th or 7 th month of IEP	3 months following month of enrollment

Example: John turns 65 on May 20. Therefore, his IEP is from February to August. If John signs up for Parts A and/or Part B during the month of:

- February, March, or April - his coverage starts May 1.
- May - his coverage starts June 1.
- June - his coverage starts August 1.
- July - his coverage starts October 1.
- August - his coverage would not start until November 1.

Part D: Initial Enrollment Period (IEP)	
Your client enrolls anytime during:	Coverage will begin 1st of:
The 3 months <i>before</i> birthday month	Birthday month
Birthday month	Month following month of enrollment
The 3 months <i>after</i> birthday month	Month following month of enrollment

Therefore, if John enrolls in Part D during:

- February, March, or April - his coverage starts May 1.
- May - his coverage starts June 1.
- June - his coverage starts July 1.
- July - his coverage starts August 1.
- August - his coverage starts September 1.

What can we sum up about the IEP and coverage start dates?

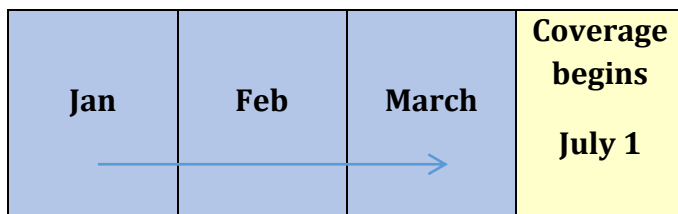
There are three key points about the IEP and effective dates which clients should pay attention to. First, unless Medicare eligibility is a result of disability, Medicare coverage can never start before your client’s birthday month, even if your client enrolls during the months prior to her birthday. Second, if your client is not enrolled in an employer group health plan with 20 or more employees (due to active current/spousal employment), your client should still enroll in Medicare as soon as possible during the IEP to avoid a lapse in health coverage since the longer he waits to enroll in Medicare (i.e., one, two, or three months after her birthday month) the longer it will take before his Medicare coverage will begin. Lastly, no one can start Part D coverage until they enroll in Parts A and/or B.

And what about joining a private Medicare Advantage health plan? Does my client also have an IEP to join a plan if they choose so?

Yes, people who are new to Medicare also have a simultaneous opportunity to enroll in a Medicare Advantage health plan. However, the enrollment period for Medicare Advantage (called the Initial Coverage Election Period, or ICEP) is slightly different than the Initial Enrollment Period for Medicare Parts A, B, and D. [Learn more in our publication, *Medicare Advantage: Enrollment and Disenrollment Basics*.](#)

General Enrollment Period (Parts A and B)

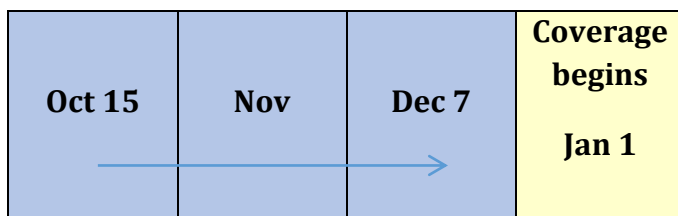
If your clients miss their IEP, and don’t qualify for a Special Enrollment Period, they can use the annual General Enrollment Period (GEP), which runs each year from January 1 to March 31, to enroll in Medicare Parts A and/or B. Whichever part of Medicare they sign up for during the GEP will start on July 1 of that year.



This is why it’s so important to sign up during the IEP. Otherwise, unless eligible for a Special Enrollment Period, your clients will have to wait until the next GEP to enroll and they will also have to wait until July 1 before their coverage starts. (They may also have to pay a penalty for not enrolling on time.) Learn more all about the GEP in our publication, [A Closer Look: Medicare General Enrollment Period and the Significance for Your Low-Income Clients](#).

Annual Open Enrollment Period for Parts C & D

If your client misses their IEP/ICEP to enroll in Medicare Advantage or Part D, they can use the annual Open Enrollment Period (OEP), which runs each year from October 15 to December 7, with coverage starting on January 1 of the following year:



During the annual Open Enrollment Period, your clients can also make changes in how they get their Medicare benefits, such as leaving a private Medicare Advantage health plan for traditional Medicare, or vice versa. [Learn more about the Open Enrollment Period.](#)

Part B: Special Enrollment Period

Some people can delay enrolling in Part B without penalty when first eligible. If your client is covered by an employer group health plan either through his own active employment or through a spouse's current job, he has a Special Enrollment Period (SEP) to enroll in Part B anytime while he has group health coverage **and** for 8 months after he loses group health coverage or stops working (or his spouse stops working), whichever comes first. Generally, your clients should consider using the SEP to enroll in Part B a month before they lose their group health coverage.

Part D: Special Enrollment Period

If your clients miss their IEP, they may have a special circumstance which grants them a limited Special Enrollment Period to enroll in Part D during the year. [Learn more about some common Part D SEPs.](#) The start date depends on the particular rules of the SEP.

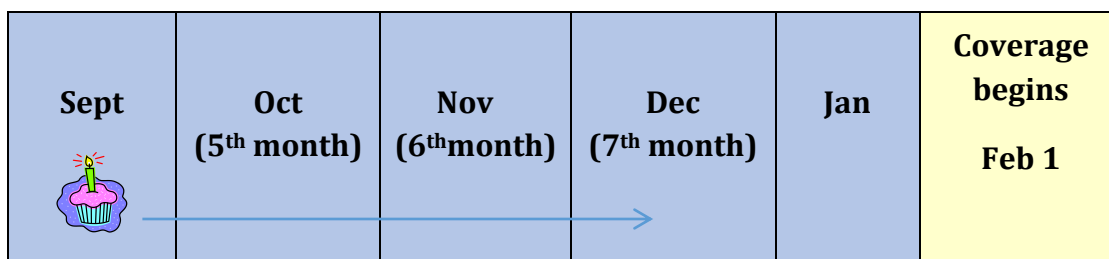
What if my client's IEP overlaps with a SEP? Which takes precedence?

The IEP takes precedence over the SEP, even if the SEP would help your client avoid a gap in coverage. This is why it's so important for your clients to enroll in Medicare as soon as they can, so they avoid any gap in health coverage.

Example: Jane is currently working and has health coverage through her employer. She will turn 65 on September 15. Therefore, her IEP begins in June and runs through December.



Jane plans on retiring on December 31, so she waits until November to enroll in Medicare. Since she enrolled in Medicare during the 6th month of her IEP, her Medicare will not start until February 1.



Now, although Jane will have an 8-month SEP (for retiring and losing her employer-related insurance) starting in January and she could technically enroll in Medicare any time while still working, she cannot use the SEP to enroll in Medicare in December with coverage starting in January because her IEP trumps her SEP. Therefore, her Medicare will not start until February 1.

In this case, the most important takeaway is the IEP trumps the SEP, so it's very important that your clients understand when their IEP begins and to enroll as soon as possible so they don't go without coverage.

References

See the March 21, 2013 (revised) [fact sheet](#) from the Centers for Medicare & Medicaid Services (CMS) that explains Medicare effective dates when a beneficiary's IEP and SEP overlap.

See Section 1837 (Enrollment Periods) of the Social Security Act available at http://www.ssa.gov/OP_Home/ssact/title18/1837.htm.

See the Social Security Administration's, Programs Operation Manual System (POMS), HI 00805.015 - *Initial Enrollment Period*, at <http://policy.ssa.gov/poms.nsf/lnx/0600805015>.

See the SSA POMS, HI 00805.153 *Prior Month Attainment Rule*, at <http://policy.ssa.gov/poms.nsf/lnx/0600805153>.

See SSA POMS, HI 00805.165 - *Individual Enrollment – When a Coverage Period Begins*, at <https://secure.ssa.gov/apps10/poms.nsf/lrx/0600805165>.

See SSA POMS, HI 00805.275 – *Special Enrollment Periods*, at <https://secure.ssa.gov/apps10/poms.nsf/lrx/0600805275>.

See the Center for Medicare & Medicaid Services (CMS) Medicare General Information, Eligibility and Entitlement Manual, [Chapter 2](#) – *Hospital Insurance and Supplementary Medical Insurance*, Section 20.3.1, Initial Enrollment Period and Section 20.3.2, General Enrollment Period.

See the Center for Medicare & Medicaid Services (CMS) Medicare Prescription Drug Benefit Manual, [Chapter 3](#)– *Eligibility, Enrollment, and Disenrollment* (revised August 7, 2012).