

MMC_Phil_082619_final

Soft music plays as blue text appears over a white background.

ON SCREEN TEXT: Medicare
Made Clear®
by UnitedHealthcare®

A logo appears.

ON SCREEN TEXT: UnitedHealthcare®

Blue and white speech bubbles filled with text appear over a light blue background.

ON SCREEN TEXT: Medicare
Conversations
Working Past 65...

A man with glasses wears a gray suit coat with black pants as he sits in a chair in front of a blue background. An end table with books, a mug of coffee, and a hunk of coral sits to his left. Text appears and lingers in the bottom right corner as he interviews, and more text appears beside him as he speaks.

ON SCREEN TEXT: Medicare
Made Clear®
By UnitedHealthcare®

ON SCREEN TEXT: Phil
Moeller,
Author and
Medicare Expert

PHIL: I'm Phil Moeller. Thanks for spending a few minutes with me today. As a journalist, I've written a lot about healthcare and retirement over the years. As an author, I've done consumer guide books to Social Security and Medicare. So, not surprisingly, I get asked a lot of questions by readers about how these programs work.

A timeline appears behind him stretching from 64 to 65. A question mark sits beside 65.

PHIL: The question I get asked most frequently is, "I'm nearing my 65th birthday. What the heck do I do about Medicare?" The answer of course is it depends.

Three lines spread out from 65 on the timeline and go in different directions.

PHIL: So, I want to break that down for you today and describe the various situations that can affect somebody who's nearing their 65th birthday. So, the first decision is for somebody who's nearing the age of 65 at work and they do plan to retire when they turn 65.

At the end of one of the lines on the timeline, an animated birthday cake with candles appears with text.

ON SCREEN TEXT: I am planning
to retire.

PHIL: So, in that situation, the first thing I advise people to do is sit down with their employee benefits department and find out if they have any kind of retiree coverage that's going to kick in when they retire and leave their active employer group coverage.

A check box appears beside text and gets checked off, and a speech bubble appears.

ON SCREEN TEXT: Ask
your employee
benefits department

ON SCREEN TEXT: Do I have
retiree coverage?

An animated woman looks at a green circle with text.

ON SCREEN TEXT: PRIMARY
COVERAGE
Retiree coverage from employer

PHIL: In many cases, they may have some retiree coverage. They need to understand this, because even if they have retiree coverage, they still might need Medicare to provide a full coverage of their health needs when they retire.

The animated woman turns as a blue circle with text appears, then overlaps with the green circle.

ON SCREEN TEXT: SECONDARY
COVERAGE
Medicare

The circles switch places, and the blue one gets bigger. Medicare becomes the primary coverage, and Retiree coverage from employer becomes the secondary coverage.

PHIL: In some cases, a retiree program can provide secondary coverage, and so they would need to get Medicare, and they'd use the employer program as secondary coverage. So, in a lot of situations, of course, there is no employer retiree coverage, and you pretty much are going to be relying solely on Medicare. In that case, as a new enrollee in Medicare, you will have a seven month initial enrollment period that begins three months before your 65th birthday month and then extends three months past that date. So, you have a seven month period to sign up for Medicare.

A blue bracket appears and extends over seven blue bars with text.

ON SCREEN TEXT: 7 Month Initial

Enrollment Period

The bar in the middle has birthday candles on it. The image scrolls off to the left, and a trail of dollar signs appears.

PHIL: Complying with this enrollment period is important, because if you're late in that you might face late enrollment penalties. They can last the rest of your life, and you really don't want those if you can avoid them. So that's really important, but it's not nearly as important, in my view, as making sure that you have continuous health coverage.

The set of bars appears again with a green part labeled Employer Coverage. One of the bars disappears, leaving a gap.

PHIL: So, as an example, say you lose your employer coverage at the end of June. You still have several months to sign up for Medicare, and you say, "I'm within that initial enrollment period. I'm fine," but you're not fine, because you might have a lapse in your health coverage. So, I advise people to find out, again, when their employer coverage is going to end and make sure that they enroll in Medicare early enough so that they don't have a break in coverage, because that's the thing you don't want. I would always err on the side of making sure that you have coverage.

A check box appears beside text and gets checked off.

ON SCREEN TEXT: Enroll
 Early

PHIL: The other issue, of course, if you are this employee, and you're going to lose group coverage when you're 65, is to make sure you understand the coverage needs that your spouse may have, or perhaps you have a child or more than one child that's insured on your group policy. You're going to have to work to make sure that they're covered when you lose your employer coverage, because you're retiring.

An animated woman appears in a green circle. A husband and two children appear around her. The circle disappears, and the woman moves to a blue circle by herself. Blue text appears beside a brief case at the end of a different fork in the timeline.

ON SCREEN TEXT: I am planning to
 continue working

PHIL: The other situation is that you're turning 65, and you have no intention of not working. You're going to continue to work. And a lot of people do this. Increasingly, people are continuing to stay at work past the age of 65. So, in that situation, there are sort of two pathways that can affect people.

A timeline extends out to 65, then the number 65 turns into a birthday cake. The cake turns into a briefcase, and two lines diverge from it. One line disappears, and the view follows it up to a woman beside a small office building. Text appears below the images.

ON SCREEN TEXT: Fewer than 20 Employees

PHIL: The first pathway exists for those people who work for small employers, which in this case are defined as people with 20 or fewer employees. So, if you have fewer than 20 employees, in most cases your employer plan will require that you get Medicare when you turn 65.

The animated woman turns from a green circle with text to a blue circle with text.

ON SCREEN TEXT: PRIMARY
 COVERAGE
 Employer Coverage

ON SCREEN TEXT: SECONDARY
 COVERAGE
 Medicare

The circles switch places, and Medicare becomes the primary coverage.

PHIL: In that situation, usually the employer plan reverts and becomes a secondary insurance provider, and Medicare becomes your primary insurance provider. If that's the case, then you have some decisions to make about what kind of Medicare to get. And this is why it's important for you to understand what your employer benefits are going to continue to be when you turn 65.

Dark blue text appears over a blue background beside a prescription pill bottle.

ON SCREEN TEXT: Do I need to get
 a Part D plan?

PHIL: Another key thing you need to worry about in this situation is your drug coverage. When you turn 65 and get Medicare, it's important to understand whether your employer is going to offer you any kind of drug coverage.

Blue and green circles appear for Medicare Drug Coverage and Employer Drug Coverage. Three animated pills appear in Medicare's circle, and five appear in the Employer's circle. The Medicare circle disappears, and the Employer Drug Coverage circle moves to the center.

PHIL: In this case, the employer drug coverage has to be at least as good as Medicare. In that situation, the employer will tell you that, and you don't need to worry about getting a Part D plan. So, there are a lot of retiree programs that do provide some kind of Part D coverage, and you need to find out these details.

A question appears beside a circle with animated family members inside.

ON SCREEN TEXT: Will my family
 be covered?

PHIL: If you have a spouse that's covered on your plan or children covered on your plan, in most cases they should continue to receive employer coverage. You may have to get Medicare, but they will still be covered on your employer plan.

A family appears in a green circle labeled Employer Coverage. The woman moves to a blue Medicare circle, but her family stays under Employer Coverage.

PHIL: However, I always urge people to make sure that they talk to their benefits people ahead of time.

A check box appears beside text and gets checked off.

ON SCREEN TEXT: Talk
 to your benefits
 department ahead
 of time

PHIL: A lot of Medicare problems occur because people don't do this ahead of time. They sort of wait until after the decisions have made, and if there's an adverse decision, it can be very complex and time consuming to fix that. So, the best thing to do is not have the problem in the first place and do your homework ahead of time.

A timeline extends out to 65, then the number 65 turns into a birthday cake. The cake turns into a briefcase, and two lines diverge from it. The first line disappears, and a view follows the second line down to a larger office building with a woman beside it. Blue text appears below her.

ON SCREEN TEXT: 20 or More Employees

PHIL: Going back to the two pathways I mentioned. The second pathway occurs for people who work at larger employers that have more than 20 people. The Medicare rules in that situation require the employer to continue offering you group coverage when you turn 65 and continue offering you group coverage, regardless of how old you are, as long as you're an active employee and covered by that plan.

A green timeline extend past 65 up to 70, and an arrow continues on.

PHIL: So, in this situation, you have another set of decisions you can make. They can be complicated, but they don't need to be. Again, I would urge people to begin by saying go to your benefits folks and understand how your employer plan may work or complement Medicare coverages that are available to you.

A check box appears beside text and gets checked off.

ON SCREEN TEXT: Compare
 your employer plan
 to Medicare

A circle with blue text appears beside a green Employer Coverage circle.

ON SCREEN TEXT: Total
 Medical
 Expenses

The Employer Coverage circle covers the Total Medical Expenses.

PHIL: Traditionally, employer coverage was pretty good. Employers paid a large percentage of your overall health care costs, and the easy and sort of default decision was, well, I'm not going to get Medicare, because I've got a great employer plan, and I don't need to get Medicare. And that may still be the case, in which case you can not get Medicare at 65 and continue with your employer plan.

Two shaded in bars with the word Deductible appear under the words Medicare and Employer. Medicare has a low deductible, and the Employer plan's deductible is twice as large.

PHIL: However, more and more people have been getting high deductible health plans at work. These can require you to pay up to several thousand dollars out of your own pocket before your employer plan starts to kick in the benefits. In that case, you may want to consider whether you get Medicare in addition to your employer plan, because as secondary coverage, Medicare could help pay that deductible amount of money that otherwise you would pay out of your own pocket.

The Medicare Coverage shades in part of the Employer's Deductible.

PHIL: In that situation, obviously you have to look at what Medicare will cost you and what its benefits will be in helping you as a secondary source of coverage. So, again, you could decide to keep your employer plan and get Medicare. The last possibility is that you can also decide, "Well, maybe I just want to rely on Medicare and not have an employer plan."

The animated woman turns away from the green Employer Coverage circle to the blue Medicare circle. The green circle disappears.

PHIL: Medicare's coverage can be pretty complete. You look at the cost of your employer plan, look at your annual out-of-pocket exposure, and look at employer plan versus Medicare or, as I said earlier, employer plan plus Medicare. But in this context you might want to just say, "Well, I think I'm going to drop my employer plan and rely solely on Medicare," which you can do. Keep in mind that you should, again, talk to your benefits folks and make sure there aren't any unintended consequences of doing that and that the employer plan is set up with flexibility to allow you to drop it.

A check box appears beside text and gets checked off.

ON SCREEN TEXT: Check
 for unintended
 consequences

PHIL: The related aspect of that of course is that you may not be the only person insured on that employer plan.

A family appears in a green circle. The woman moves to a blue circle, and the green circle around her family disappears. A light blue circle takes its place.

PHIL: So, in that context, if you have a spouse or children that are covered by your employer plan, you want to make sure that they're still going to be covered, even if you drop the employer plan. This can

be a little bit more complicated. Again, I urge people to sit down and talk to their benefits people and work out the details and make sure that they're making an informed decision.

Dark blue text appears beside a prescription pill bottle.

ON SCREEN TEXT: My employer already
 has a drug plan.

PHIL: Another question I get asked a lot is, "How does Part D coverage work if you're going to keep your employer plan when you turn 65?" This is, again, an issue that a lot of people don't understand, but under Medicare rules, if you're eligible for Medicare, meaning you're 65 or older, and you are going to keep your employer coverage, that employer coverage has to offer drug protection that's at least as good as a typical Part D drug plan in Medicare.

A blue Medicare Drug Coverage circle and a green Employer Drug Coverage circle appear above a woman's head. Three pills appear in each circle, and an equals sign appears between the two circles.

PHIL: Again, historically this was sort of a no-brainer. Employer drug coverage was pretty good, and you didn't really have a credibility issue with it. However, the rise of high deductible health plans means that in some context your effective drug coverage is not nearly as good as a Part D plan.

The drug coverage circles with pills have an equals sign between them. Pills fade out in the Employer Drug Coverage circle, and a line slashes across the equals sign. One dollar sign appears under Medicare Coverage, and three dollar signs appear under Employer Coverage.

PHIL: The Part D annual deductible is never more than several hundred dollars, and so you could have a health plan with your employer where you could be paying a couple thousand dollars for drugs out of pocket as part of that initial deductible in your employer plan, in which case it might be that your employer plan is not credible and you'd have to get Part D. Now, your employer is required under law to provide you an annual statement as to the credibility of its drug coverage.

An animated document appears.

ON SCREEN TEXT: Notice of
 Creditable Coverage

PHIL: I've never met an employee who even knew that such a statement existed, let alone whether they should ask for it, but you should, because if your drug coverage is not credible and it turns out you needed a Part D plan and you failed to get one, you could get hit with late enrollment penalties later on when you ended up having to get Part D and you ended your employer coverage.

A check box appears beside text and gets checked off.

ON SCREEN TEXT: Ask
 your employer for
 their creditability
 statement

PHIL: But the other reason to do this is because you could be much better off financially and have much better coverage having a Part D plan along with your employer coverage, because that Part D plan could really help pay for some of the drugs in this deductible portion of your employer group plan.

The animated woman looks between a large green Employer Coverage Circle and a smaller blue Medicare Part D circle. The circles overlap. Text appears beside an animated document.

ON SCREEN TEXT: What if I have
 access to COBRA?

PHIL: So, in addition to sort of the basic pathways that you have to choose, there are a couple of other situations I wanted to review that affect a lot of people based on the reader questions that I deal with. The first one involves what's called COBRA. COBRA is an acronym for a law that was passed in the 1980s that provides people guaranteed access to health insurance if they lose their employer insurance.

An animated document slides off screen, and a woman in a green circle appears. The green circle disappears, and a light blue one with text takes its place.

ON SCREEN TEXT: COBRA
 18-36 months

PHIL: It can be continued for up to 18 to 36 months, and for a lot of people COBRA is a great deal. It really relieves a lot of stress if you happen to lose your job. You've got a lot of worries about not having a job, and one of them you don't want to have in that group is whether or not you're going to have health insurance. So, COBRA allows you to continue your health insurance. However, for people who are nearing age 65, there is a wrinkle in the COBRA rules that a lot of people don't understand. And that is that if you're on COBRA, and you turn 65, COBRA will cease providing primary insurance coverage to you and will become a secondary provider of insurance coverage.

A woman watches as her Primary Coverage with COBRA and her Secondary Coverage with Medicare trade places. Medicare becomes her Primary Coverage.

PHIL: A lot of people don't know this and assume that COBRA is going to be their primary insurer, and because they have COBRA, they further assume that they don't need Medicare at 65.

The woman's Secondary Coverage through Medicare disappears. Her Primary Coverage through COBRA becomes Secondary Coverage. Dollar signs surround the woman.

PHIL: They fail to enroll in Medicare. And in that situation, they could face a really unpleasant surprise if they have a big medical expense and they file a claim, only to learn that COBRA's only going to be secondary coverage. It's not going to provide primary coverage. That can entail a big financial hit if you have a serious medical issue. So, I urge people to be aware of the fact that if you have COBRA and you are eligible for Medicare by virtue of turning 65, you have to get Medicare on a timely basis, because Cobra will no longer be your primary insurance provider.

A check box appears beside text and gets checked off.

ON SCREEN TEXT: Sign Up
for Medicare, even
if you are on COBRA

Text appears in and beside a green circle.

ON SCREEN TEXT: High
Deductible
Plan

ON SCREEN TEXT: I have a high
deductible plan.

PHIL: The second situation that arises in these Medicare at 65 decisions is for people who have a high deductible health plan.

A green High Deductible Plan circle appears, then a blue Health Savings Account circle slides in beside it. A Deductible circle rolls out of the green circle, and the Health Savings Account covers it.

PHIL: If you have a high deductible plan, many employers will help you set up a health savings account to help you deal with those expenses in the deductible phase of your plan. HSAs are funded with pretax dollars. Usually your employer puts in some and you can put in the rest, up to a specified annual limit that is set and changed every year by the IRS.

Dollar signs fly up from an office building and a woman and get added to the Health Savings Account. A Pre-tax dollar sign enters the account, then goes on to cover a Qualified Health Expense.

PHIL: Not only can you fund it with pretax dollars, but you can spend those dollars on any qualified health expense and you will not incur a taxable event when you spend the money. So, HSAs can be a great vehicle because they're rare in that they're funded with pretax dollars, but when you spend the money out of the account, it's not a taxable event.

A Pre-tax dollar sign enters the Health Savings Account circle and makes it swell. The circle shrinks as the dollar sign leaves Tax Free.

PHIL: So, it's tax free going in, tax free going out. It can be a great tool. And the other nice thing about HSAs is that if you have unspent moneys in an HSA, you can carry them over from year to year.

A Health Savings Account grows as it follows a timeline from 2019 down to 2023.

PHIL: So, you could build up some pretty big balances in an HSA. And I've actually advised people in some settings to not use their HSA. Just use it as almost a retirement vehicle. Build up big balances in HSA, so when you do retire, you can spend those balances tax-free on any qualified expense, including by the way, Medicare premiums, which are a qualified medical expense when you retire.

Tax Free dollar signs leave the Health Savings Account and cover a Qualified Health Expense and Medicare Premiums.

PHIL: So, HSAs can be terrific, however, there's a wrinkle in that HSAs are not compatible with Medicare.

Blue circles for Health Savings Accounts and Medicare appear with a plus sign between them. A line slashes the plus sign. A line runs up to both circles and splits in two, with one branch running through each circle and joining up again on the other side. Dollar signs flow into Medicare, and the line leading to the Health Savings Account disappears. Money from the Health Savings Account flows down the line, and the circle shrinks.

PHIL: If you have Medicare, you are no longer allowed to contribute to an HSA. You can use the funds in the account, but you can't contribute new funds to the account.

The Medicare circle disappears, and a line runs through the Health Savings Account.

PHIL: And your response may be, "Well, that's fine because I'm going to continue to work, and I'm going to continue to use my HSA. And I'm not filing for Medicare." However, a lot of people, as they get older, especially when they reach the latest claiming age of 70 for Social Security, it really behooves them to file for Social Security.

A document with a check mark appears on a blue Social Security circle. A Medicare Part A circle emerges from the Social Security one and stays linked to it by a chain.

PHIL: When you file for Social Security, by law you must receive Part A of Medicare. You can't avoid it. If you want to get Social Security benefits, you have to be enrolled in Part A. If you're enrolled in Part A, it means you can't continue making contributions to an HSA.

The Medicare Part A circle appears beside a Health Savings Account circle with a barrier around it. Dollar signs bounce off the Health Savings Account circle.

PHIL: People rarely understand this. I get a lot of questions from people who simply are surprised when they run into this roadblock. And so, I'm telling you today that there is a roadblock you should be concerned about, so you shouldn't unintentionally enroll in Part A.

A check box appears beside text and gets checked off.

ON SCREEN TEXT: Be Aware
 of unintentionally
 enrolling in Part A

PHIL: And in some cases, it can influence the timing of when you do apply for Social Security. However, I don't know of any situation when you're better off not taking Social Security benefits and using the benefits of contributing to an HSA, especially if you're waiting until age 70 to file. You should just file for Social Security and understand that that means you won't be able to continue contributing to your HSA. So, the COBRA and HSA situations are issues that catch up a lot of people, and I just wanted you to be aware of it.

Text appears beside a document with a check mark.

ON SCREEN TEXT: Am I enrolled
in Medicare
automatically?

PHIL: I get asked a lot of questions about how people enroll in Medicare, and some people think that they are automatically enrolled in the program when they are blowing out the candles on their 65th birthday cake. This is not the way it works.

A large X crosses out an image of a woman blowing out candles on her 65th birthday.

PHIL: When you turn 65, you need to actually affirmatively enroll in the program.

A check box appears beside text and gets checked off.

ON SCREEN TEXT: Enroll unless
already on
Social Security

PHIL: And there are multiple ways you can do this. Social Security handles Medicare enrollment, so you can call the Social Security Administration or go online, but you can also work through Medicare.gov, and they can help facilitate your enrollment and Medicare. But again, remember, this is something you have to do when you turn 65. It won't be done for you.

Check marks appear on a document beside a blue Social Security circle and by a phone and computer. Text appears in a speech bubble.

ON SCREEN TEXT: Medicare.gov

An orange question mark appears beside text.

ON SCREEN TEXT: What if I still
have questions?

PHIL: I really appreciate you spending a little time with me today. I hope I've helped answer some of your Medicare questions. I realize you may have lots of other questions. Medicare can be pretty complicated. MedicareMadeClear.com provides lots of answers to your basic questions, so if you still have them, I urge you to go there and see if you can get the answers you need. Thanks again for spending time with me today.

Text appears in a speech bubble.

ON SCREEN TEXT: MedicareMadeClear.com

A logo appears over a white background.

ON SCREEN TEXT: UnitedHealthcare®
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ON SCREEN TEXT:

Medicare
Made Clear®
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