

Whether to Enroll in Medicare Part B, or Not

Medicare Part B is medical insurance. It covers doctor visits, preventive care and other outpatient healthcare services.

That's simple enough. But not everybody needs Part B coverage right away when they become eligible for Medicare. How do you know if you do or don't? And if you don't need it right away, when will you need it, if ever?

All of this is important to understand. An error in timing could result in a stiff penalty. Medicare may charge a permanent ten percent increase in your Part B premium for every full year that you should have been enrolled in Part B but weren't. That can add up if you delay.

So, do you sign up for Part B at age 65 or not? That depends on your situation.

Retired

You can choose to sign up for Part B during your Initial Enrollment Period (IEP). Your IEP starts three months before the month you turn 65. It lasts for a full seven months.

You are enrolled in Part B automatically during your IEP if you are already receiving social security benefits. Otherwise, you will have to take action. You can sign up online at Medicare.gov. You can also apply by phone or in person at any Social Security office.

Working

You can delay enrollment in Part B without penalty for as long as you have health insurance through your own or a spouse's current job. However, if your workplace has less than 20 employees, it may be best to sign up when you turn 65. Small workplaces can drop you from their employee health plan after you reach age 65. It's against the law for employers with 20 or more employees to do this.

Once you leave your job, you will likely want to sign up for Part B. You have eight months to sign up without penalty, starting the month after your job ends. You may want to sign up even if you're getting COBRA or retiree insurance.

On COBRA

You must switch to Medicare when you turn 65 if you have a COBRA plan. Your COBRA plan may be exactly the same as your former group health plan, but you can't keep it once you are eligible for Medicare. Unless you have other medical insurance, you'll want to sign up for both Medicare Parts A and B right away. This will ensure that you avoid the Part B late enrollment penalty.

You may want to explore keeping parts of your COBRA plan that cover some things that Medicare doesn't, such as the dental benefit. In addition, COBRA can still be the main insurance for a younger spouse and dependents for up to 36 months.

Have a Retiree Plan

You must sign up for Part B when you turn 65 to avoid the Part B late enrollment penalty, even if your retiree plan doesn't change at all. Your retiree plan becomes your secondary plan once you're on Medicare. It may still continue as the main insurance for a younger spouse and dependents.

Some retiree plans work well with Medicare, picking up costs that Medicare doesn't cover. Others don't. You may want to talk with your retiree plan administrator about the benefits and costs of the plan once you're on Medicare. You have other choices, such as adding a prescription drug plan and Medicare supplement insurance, or getting your coverage through a private Medicare Advantage plan.

Have Veteran's Benefits

Medicare is completely separate from the Department of Veterans Affairs (VA). VA benefits will not cover care received in a non-VA facility. Likewise, Medicare will not pay for care received in a VA hospital.

Even when you have VA benefits, it's probably a good idea to sign up for Medicare Parts A and B when you become eligible. This allows you to receive care at non-VA facilities, if you choose. In addition, you will be covered and avoid any Part B late-enrollment penalties should your VA benefits ever change.

Have TRICARE for Life

You must sign up for Part B when you turn 65, even if you are working or have other sources of coverage. You will lose your Part B eligibility if you don't sign up right when you are eligible.

Have Federal Employees Health Benefits

FEHB will continue to cover you after retirement, even if you don't take Medicare at all. But if you delay enrollment in Part B after retiring, and then change your mind later, you'll be hit with the Part B late-enrollment penalty. Because FEHB premiums can be substantial, you need to consider your options carefully.

For more information, contact the Medicare helpline 24 hours a day, seven days a week at 1-800-MEDICARE (1-800-633-4227), TTY 1-877-486-2048. If you have questions about Medicare Made Clear, call 1-877-619-5582, TTY 711, 8 a.m. - 8 p.m. local time, seven days a week.

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