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ASK TERRY

YOUR FINANCES
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65-year-olds face rules about Medicare



TERRY SAVAGE ANSWERING READER QUESTIONS

Q. *I will be 65 in a couple of months, and I am still working. I like my group coverage at work and would rather stick with it than go on Medicare. Can I keep my employee health care plan? Can my boss force me to take Medicare instead? And if I keep the company plan, am I penalized when I retire and do sign up for Medicare?*

A. Join the tens of millions of Americans who will become eligible for Medicare this year as they reach age 65. There are so many questions that arise about the process. So let me direct all of you to a terrific website: 65incorporated.com.

The site was started by Diane Omdahl, a registered nurse, who is best known for writing the Beacon Guide to Medicare Service Delivery. At this website, Diane and her daughter, Melinda Caughill, are teaming up to explain Medicare issues to the public. This question you raise is one of the issues they cover.

Basically, the answer is that you do not have to give up your employee benefit plan, and can delay entering Medicare until you retire. But there is a possibility that your company could drop you from its employee benefits plan when you reach age 65, so you should ask about their rules.

The rules state that if the company has 20 or more employees, it must allow those over 65 to remain in the plan. But with fewer than 20 employees, the company can drop you from its plan, or require that you enroll in Medicare Part A, the free portion of Medicare, during the initial enrollment period. Then the company plan would become a secondary provider. And if the company plan provides a comparable drug benefit, there would be no need to sign up for Medicare Part D.

ASK TERRY

In this column, I'll respond to your most frequently asked questions. You can submit individual questions on my Sun-Times blog, reached on the home page and at www.TerrySavage.com.

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You can delay enrolling in Medicare, without penalty, if you have comparable health insurance through your employer or your spouse's employer. Even if you plan to delay Social Security, don't ignore Medicare. If you don't have other employer insurance there are huge penalties.

The time to enroll in Medicare is in the three-month period before you reach age 65. There is actually a seven-month initial enrollment period, but you don't want to test that extension. Medicare coverage won't start until after your birth month and you could forget to enroll. You will pay a 10 percent increase in your monthly Part B premium for every full year that enrollment is delayed — if you do not have comparable insurance from your employer. And there is an additional penalty for late enrollment in Part D.

Plus, there's an issue that few realize: If you sign up for a Medicare supplement plan within the first six months of eligibility, you cannot be turned down from even the most comprehensive plan because of your health situation. But if you delay signing up for a supplement plan after entering Medicare, you could be restricted from the plans that offer the most coverage.

For answers to all your Medicare questions, you can always call the Medicare toll free number — (800) 633-4227. Or you can go to Medicare.gov, a complex and difficult government website. But if you want clear explanations on almost every Medicare question, I suggest you check in at 65incorporated.com.