

Help employees avoid these five Medicare missteps

It's easy for retiring employees to misunderstand a health insurance program as complex as Medicare. You can help ease the transition from your group health plan to the individual consumer-driven health world employees enter when they retire.

Here are five pointers to share with your employees who are 60 years of age or older.



1 “Medicare” is made up of millions of options and combinations. Encourage each employee to check their own ZIP code and county to see how many choices they will have.

1 Medicare Part A + 1 Medicare Part B + some of these parts:

- 766 stand-alone Medicare Part D plans
- 3,834 Medicare Advantage Plans
- 79,314 Durable Medical Equipment Providers, Pharmacies, Optometry, etc.
- 344,967 Institutional Providers: Hospitals, Labs, Surgical Centers, Hospices, etc.
- 1,404,045 Non-Institutional Providers: Primary Care Physicians, Radiologists, Practitioners, etc.

2 The “free” Part A isn’t free. Suggest employees visit Medicare.gov for more information.

- No monthly premiums does not mean “free.”
- Hospital stays include a deductible — over \$1,500 per benefit period in 2022.
- Plus, patients pay a daily rate for hospital stays –sometimes from the first day, other times after 60 days, depending on their individual plan.
- Skilled nursing requires daily rates after 20 days of rehabilitation.

3 Part B helps retired employees pay for:

- Doctors, specialists and other healthcare providers
- Outpatient services
- Durable medical equipment
- Certain home health services

Social Security automatically deducts Part B premiums from benefit payments. Retirees are responsible for paying their 20% share of costs. Medigap or Medicare Advantage plans are insurance options to help cover these costs.

4 The Income Related-Monthly Adjustment Amount (IRMAA) hits retirees with high income in retirement. Set up special education events for highly compensated employees before they retire.

- C-suite, higher-paid employees, and those who have saved significant amounts in their retirement plan will pay more for Part B and Part D when in Medicare.
- Help employees prepare for higher-than-expected premiums.

Here's an example how IRMAA changes premiums*:

IRMAA Effect	Standard Premium
\$6,530 Part B Premium	\$2,040 Part B Premium
+	+
\$855 Part D IRMAA	\$0 Part D IRMAA
+	+
\$4,200 Estimated Medigap	\$4,200 Estimated Medigap
\$11,585	\$6,240

* Assumes 2022 premiums and IRMAA 4thbracket; \$350/mo Medigap premium. Per person costs. For illustration only.

5 Health Savings Account (HSA) contributions must stop six months before claiming Social Security or Medicare for employees older than 65. Double-check benefits documents to ensure these rules are clear.

Employees who stay on the job after age 65, typically remain on the group health insurance plan. But they may run into trouble if they are also contributing to an HSA.

- HSA contributions are allowed after age 65 if an employee does not have any part of Medicare.
- If they start Part A after age 65, it is retroactive six months or back to age 65, whichever is shorter.
- Contributions from both employer and employee must stop six months before starting Part A.
- Excess contributions create a tax issue, and employees may owe a 6% excise tax.



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