

## Part Two: Things to Know Before Retirement - Medicare

Whether you are retiring in one year or ten, knowing what's to come during those years may be a helpful way to plan for the future.

In the office or amongst your friends, you might hear conversations about **Social Security** benefits, health insurance, and all the other things that come with retirement. And some of these conversations may leave you wondering how it all works. As part of the three-part series on preparing for retirement, this piece will dive into the details of Medicare and how it works.

### What Is Medicare?

Similar to **Social Security**, Medicare is a benefit primarily for retirees but with a few exceptions. Medicare is a federal health insurance program for U.S. citizens 65 years and older, those who qualify for disability benefits, and people with End-Stage Renal Disease or Amyotrophic Lateral Sclerosis.

Medicare benefits are broken up into four elements: A, B, C, and D. Here is what they include:

**Medicare Part A:** Hospital insurance covers inpatient care needs within hospitals, nursing facilities, hospices, and in-home health care. Medicare Part A covers hospital visits and any nursing, meals, and drugs required within inpatient care. This type of coverage helps the costs of hospice care and in-home services, including any equipment, nursing, and medication needed to perform the service. Typically, this type of coverage is not for long-term regular doctor visits.

**Medicare Part B:** Medical insurance covering outpatient care provided by doctors and health specialists, home health care, medical equipment (hospital beds, wheelchairs, etc.), and preventative services (screenings, vaccines, etc.). This type of coverage is for long-term recurring healthcare services provided by your primary physician.

**Medicare Part C:** Also known as Medicare Advantage (MA). Private insurance plans are offered by companies approved by Medicare. These plans often include the same benefits found in parts A and B.

Medicare Part D: Insurance to help cover the costs of prescription drugs and some vaccines. The Medicare drug coverage is optional but offered to all Medicare recipients. Medicare recommends recipients enroll in the insurance's prescription drug coverage even if they do not need it. People who decide against enrolling right away may face a continuous late enrollment penalty if they choose to join later.

### **Who Is Eligible for Medicare?**

People who receive Social Security benefits and are 65 years and older qualify for Medicare Parts A and B. If you receive Social Security benefits before you turn 65, you are automatically enrolled in Medicare Parts A and B. If you are not ready to receive Social Security benefits by 65, you may apply for Medicare separately. For Part D benefits, you will have to enroll for coverage.

Most people qualify for Medicare Part A at no cost if they or their spouse paid at least 10 years of Medicare taxes. People who qualify for premium-free Medicare Part A, can automatically receive Part B at little to no cost. Those who do not qualify for premium-free coverage can purchase Medicare Part A but must purchase Part B as well.

### **When Is the Enrollment Period?**

Your Medicare Initial Enrollment Period is seven months long. The enrollment duration begins three months before you turn 65 and ends three months after your birth month. If you miss this enrollment period, you may face a penalty resulting in a monthly fee for however long you do not have full coverage. It may take up to a month or longer to process your enrollment and activate your coverage.

Original Medicare (Parts A and B) may cover most of your qualifying healthcare services and supplies, leaving some remaining costs to pay out of pocket. Medicare can be combined with other health insurance to help cover some or all of the remaining unpaid fees. However, there may be late enrollment penalties for not enrolling in Medicare during your designated period.

You can find more information on Medicare benefits and how it works on their [website](#).

As you prepare for retirement, talking to your doctor about your healthcare needs may help determine the best Medicare plan for you. It may be good to know your healthcare options and their coordinating enrollment dates before you retire so you can plan accordingly.



**Source:**

1. <https://www.medicare.gov/basics/get-started-with-medicare/medicare-basics/parts-of-medicare>
2. <https://www.medicare.gov/basics/get-started-with-medicare/sign-up/when-does-medicare-coverage-start>