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# Getting Ready to Retire: Health Insurance Issues

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## What are the questions? Where are the answers?

Before making the decision to retire, understand the health insurance options available to you (and your spouse if you are married). Which questions you need to ask depend on:

- your age
- your spouse's age
- whether you or your spouse are eligible for Medicare
- whether you or your spouse will continue to be employed
- the number of employees where you and your spouse are employed

For reliable, objective answers call the Senior Health Insurance Information Program or SHIIP at **1-800-351-4664**. We will answer your questions and refer you to the proper place if you need further information or assistance.

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## Retiring Under Age 65

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**Retirement Benefits:** You may have continued health coverage when you retire.

- If you work for a **public employer** in Iowa such as a public school, city or county government, you may choose to continue the employer group health coverage until you are 65. Your spouse may also be covered under a family policy until you, the retired employee, reach age 65.
- State of Iowa retirees and their spouses should consult the Department of Administrative Services – Human Resource Enterprise website at <http://benefits.iowa.gov> for benefits available to retired employees and their spouses.
- A nonpublic employer may choose to offer you continued coverage under a retirement health plan. Check to see how long the employer coverage lasts.
- If your spouse is working, you may be able to continue coverage or become enrolled in his/her employer group health plan.

**COBRA:** If you will not have a retirement health plan, you may be able to continue your group health insurance under the law.

- Federal COBRA law applies to employers with 20 or more employees. You are allowed to continue your coverage under the employer group health plan for up to 18 months. COBRA will end sooner if you become eligible for Medicare. In some cases, a spouse may have longer periods of coverage. Call SHIP at **1-800-351-4664** and request a *COBRA* brochure.
- Iowa law requires employers with fewer than 20 employees to allow you to continue your coverage under the employer group health plan for up to 9 months after retirement. This law only applies to group health plans issued in Iowa. It does not apply to self insured plans. Call the State of Iowa Insurance Division at **1-877-955-1212** for more information.

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## Health Insurance Marketplace

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You can get a Marketplace plan to cover you before your Medicare begins. Once your Medicare coverage starts you can cancel the Marketplace plan or consider the following:

- You can keep your Marketplace coverage, however once your Medicare coverage starts, any premium tax credits and reduced cost sharing you get through the Marketplace will stop. Also, consider that Marketplace plans do not coordinate with Medicare like Medicare Supplement plans. Your policy may pay little or no benefits once you are enrolled in Medicare. Check your policy.
- If you choose to stay with a Marketplace plan and **do not** enroll in Medicare when you are first eligible, you may have to pay a late enrollment penalty when you enroll in Medicare later. Any Marketplace premium tax credits and reduced cost-sharing will end when you become eligible for Medicare. For more information, call SHIP and request a *Medicare and the Health Insurance Marketplace* fact sheet.

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## Age 65 or Older, and You or Your Spouse Works

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- If the employer has **20 or more employees**, you and your spouse must be allowed to continue any health insurance coverage you had before age 65. The employer health plan will be the first payer on claims. If the employer has **less than 20 employees** where you work, you need to check the insurance contract to see if your employer insurance will be primary when you become eligible for Medicare at 65.

- If you are already receiving Social Security benefits when you turn 65 you will automatically be enrolled in Part A and Part B of Medicare with an opportunity to delay Part B.
- You can delay Part B if you or your spouse is actively employed AND you are covered by a group health plan through the employer of the actively employed person. It is important to understand that even though you may be eligible to delay Medicare enrollment, if your employer has **less than 20 employees** they may choose to pay secondary when you are eligible for Medicare. When the person carrying the employer insurance is no longer working, or employer coverage is dropped during active employment, you will need to sign up for Part B. At that time you won't have to pay a higher premium, even though you are past age 65 and you will also have the right to a Medicare supplement open enrollment.
- If you are **not** getting Social Security or Railroad retirement benefits yet, for instance because you are still working, you will not get Part A and Part B automatically at age 65.
- You may want to delay Part A if your employer insurance is a qualified high deductible plan with a Health Savings Account. You and your employer cannot contribute to your HSA if you are enrolled in Medicare Part A or Part B. You cannot delay Part A if you are drawing Social Security benefits. When you do enroll in Part A, your enrollment will be backdated up to six months or your 65<sup>th</sup> Birthday month whichever is less. This determines when you should stop contributing to your HSA. Your spouse going on Medicare does not affect your ability to contribute to your HSA.
- Enrollment in Part A or Part B triggers your eligibility for Medicare Part D drug coverage. Check if your employer drug coverage is creditable (at least as good as Medicare coverage); if it is you don't need to enroll in Part D.
- If you and/or your spouse are enrolled in Medicare before retiring, employer group health coverage can be continued under the COBRA law when you retire. Medicare will pay first when you are retired even if you continue under COBRA. You will continue to pay the full premium for the employer plan, and it will supplement your Medicare. It is necessary to enroll in Medicare Part B when you retire, or you may pay a higher premium later.

## Age 65, Retired and No Working Spouse

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- Medicare is your primary insurance regardless of any other health insurance you have. You should enroll in Medicare Part A and Part B. If you don't enroll at this time, you may pay a higher premium later.
- Call Social Security at **1-800-772-1213** or go to **www.socialsecurity.gov** to enroll in Medicare.
- If you have retirement health insurance, it will pay after Medicare. If you need a Medicare supplement policy, you will have a **six-month open enrollment** period beginning on the date your Medicare Part B coverage starts. During open enrollment you can buy any Medicare supplement from any company that sells in Iowa.
- If you do not have drug coverage as good as Medicare's you need to enroll in a Medicare Part D drug plan to avoid paying a higher premium later.

## Issues for a spouse

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- Does the employer continue coverage for a spouse when an employee retires?
- Does the coverage continue when the spouse is eligible for Medicare?
- Does the spouse's coverage continue if the retired employee becomes eligible for Medicare or dies?
- Do any other limits apply to health insurance coverage for the spouse?

### SHIIP Resources

- *Iowa Guide to Medicare Supplement Insurance*
- *Iowa Medicare Supplement Premium Comparison Guide*
- *Medicare Advantage Plans in Iowa*
- COBRA brochure
- Individual counseling: Call **1-800-351-4664** (TTY **1-800-735-2942**)
- Website: [www.shiip.iowa.gov](http://www.shiip.iowa.gov)

