

YOUR HEALTH

Don't Get Trapped By Medicare Rules

RETIRING PAST AGE 65? YOU MAY CHOOSE TO STICK with your employer's health plan rather than signing up for Medicare. But you could risk going without insurance for several months, and pay an annual penalty for life, if you don't follow Medicare's strict enrollment rules.

When you turn 65, you're eligible to sign up for Medicare Part B, which covers outpatient services. You may decide that it's easier or cheaper to continue with your employer coverage—either opting to take corporate retiree medical benefits or going with COBRA. Under the federal COBRA law, companies with at least 20 employees must allow former workers to buy into the group health plan for up to 18 months.

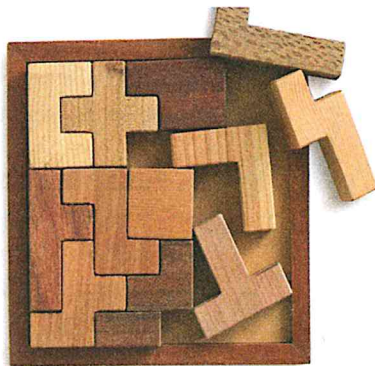
That could be a big mistake. When you turn 65, you can forgo Medicare without consequence if you are still working and are covered by your employer's group health plan. But once you leave the job, you must enroll in Part B within eight months after the month you retire, even if you continue to be covered by your employer's health plan. This eight-month period is known as the "special enrollment period."

If you miss this deadline and your employer coverage expires, you could find yourself uninsured for many months. You will not be allowed to enroll in Medicare Part B until the next "general enrollment period," which runs from January 1 to March 31. Your coverage won't begin until July. Plus, you may be subject to late penalties. "You should enroll in Part B as early as you can," says Joe Baker, president of the non-profit Medicare Rights Center. "The penalties and waiting periods for not doing so can be substantial and ongoing."

Some retirees realize they have made a mistake when the group health plan rejects their claims. When you turn 65, a retiree health plan or COBRA will pay only for medical expenses that Part B won't cover, says Baker. Even if you decide not to enroll in Medicare, your former employer's plan will consider the government insurer to be the primary payer.

In some cases, it could take time for the health plan to realize that the beneficiary is eligible for Medi-

care. Once the insurance company discovers its error, though, it could stop paying claims and may try to recoup the benefits it already paid out, Baker says.



Falling Into a Coverage Gap

These enrollment rules came as a big surprise to Kent Evanson, who lives in Glen Ellen, Ill. He left Merrill Lynch as a financial adviser at the end of June 2008 at age 69. Because he liked his employer plan, he decided to go on COBRA rather than enroll in Medicare.

Over the next year or so, the plan rejected a couple of Evanson's medical claims. Its reason: Because he was eligible for Medicare, the plan considered itself to be the secondary payer. "I was paying \$1,000 a month in premiums for nothing," he says. "I wanted out."

By that time, however, Evanson had missed the eight-month enrollment window. When he went to sign up for Medicare in July 2009, he was told he would have to wait until January 1, 2010, to apply, and that coverage would not begin until July 1, 2010.

Even if you leave your job before you turn 65, you could face trouble if you ignore the enrollment rules. Assume you retired in January 2017 and went on COBRA. You turned 65 nine months later, in October 2017. In this case, the "initial enrollment period" applies to you. The initial enrollment period starts three months before the month of your 65th birthday and ends three months after your birthday month. Because your 65th birthday was in October 2017, your initial enrollment period would have run until the end of January 2018.

Let's say you decided instead to stick with COBRA for the full 18 months, until it expired in June 2018. You wouldn't be able to enroll in Part B until the next general enrollment period starting January 1, 2019. And you wouldn't be covered until July 2019, about a year after your COBRA coverage ended.

To add insult to injury, you'll also be hit with lifetime penalties for missing an enrollment period. For each 12-month period you delay enrolling when you're eligible, you'll pay a penalty of 10% of your Part B premium—forever. **K**