

Medicare is a good deal for workers over 65

Many of us keep working after we turn 65 years old. We are delaying retirement in light of the recent economic downturn. We received a call from Arnold (not his real name) with an interesting question. "I turn 65 this year. I plan to work until I am 70. I have group health insurance through my work. Should I enroll in Medicare?"

When you turn 65, you are eligible for Medicare Part A (inpatient hospital services), Part B (doctor visits and outpatient care) and Part D (prescription drugs).

If you are not getting Social Security benefits, you will not be enrolled automatically in Medicare when you reach 65. You will have to sign up for Medicare if you want it. You can sign up three months before and after you turn 65. Many insurance companies now require that you sign up for Medicare when you become eligible. Check with your health insurance company.

Most folks do not pay a premium for Part A. There is a deductible when you are hospitalized. Even if you have hospital coverage under insurance from work, the Medicare hospital coverage (Part A) costs you nothing in premiums and the deductible is \$1,068 for a hospital stay and no co-payment for up to 60 days. Most people will not stay in a hospital that long. Medicare Part A coverage is a smart deal.

Medicare Part B pays for doctor visits and outpatient care. Most doctors take Part B Medicare. You will have to pay a monthly premium for Part B -- \$96.40 per month for most people in 2009.

Usually, the Part B premium is deducted from Social Security benefits. For people not getting Social Security benefits yet, Medicare can bill you for the premiums. The Part B deductible is \$135 per year.

If you wait to sign up for Part B, the premium increases 10% for each year that you could have had Part B but did not take it. Under some special circumstances a higher premium will not be charged. But why take a chance? It is better to sign up for Medicare Part B at 65 than be sorry later.

To be eligible to sign up for Medicare Part D, you have to receive Medicare Part A and B. You sign up for Part D by joining a Medicare Prescription Drug

Plan. There are some premiums, deductibles and co-payments. These are different for each Medicare Drug Plan.

You can wait to sign up for Part D prescription drug coverage if you have **credible coverage** under your current insurance. This means that your current insurance is expected to pay, on average, at least as much as Medicare's standard prescription drug coverage. Ask your health insurance carrier whether you have creditable prescription drug coverage. It seems safer to sign up for a Medicare Prescription Drug Plan when you turn 65 than be sorry later.

Folks like Arnold are worried about changing from private insurance to Medicare. It will be an adjustment. Medicare is changing. There may be some confusion at first. But Medicare is a good deal -- even for folks who continue to work beyond 65.

**By Lenny Croce
Attorney, Oak Ridge office
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