

## ISMA Health Insurance Subscribers Attaining Age 65 in 2023 Frequently Asked Questions

You're approaching age 65 and/or retirement, and you have questions. In a series of informational videos at [www.ismaia.com/videos](http://www.ismaia.com/videos), we provide answers. You may also find the following list of frequently asked questions and responses helpful.

### **When will my Medicare coverage start?**

Your Medicare coverage will start on the first day of the month in which you attain age 65, unless your birth date falls on the first day of the month, in which case your Medicare coverage will start on the first day of the month prior.

### **When I become eligible, will Medicare be my primary or secondary insurance?**

If you are retired or are part of an employer with fewer than 20 employees, Medicare will be your primary insurance. You will need to enroll in Medicare Part A and Part B, a Medicare Supplement, and a Prescription Drug Plan.

If you work for an employer with 20 or more employees and that employer pays some part of your insurance premium, your group health insurance will continue to be primary. You will not need to enroll in Medicare, a Medicare Supplement, or a Prescription Drug Plan. If you have a PPO health plan, you have the option of enrolling in Medicare Part A when you turn 65. Your group plan will be primary and Medicare Part A will be secondary. If you have a Health Savings Account (HSA), and want to continue to make contributions, you should not enroll in Part A.

If you work for an employer with 20 or more employees that does not pay any part of your insurance premium, so you purchase your own health insurance, Medicare will be your primary insurance. You will need to enroll in Medicare Part A and Part B and a Prescription Drug Plan.

### **What do I need to do to apply for Medicare?**

You can apply for Medicare 3 months before you turn age 65. Go online to <https://www.ssa.gov/benefits/medicare/> or call Social Security at (800) 772-1213. (If you're currently insured through ISMA, we'll send a letter to remind you.) If Medicare will be your primary insurance, you should apply for Medicare Parts A and B.

### **How will my health insurance change when Medicare becomes my primary insurance and what will it cost me?**

Instead of your current medical insurance policy with Anthem, you will have:

**Medicare Part A:** Part A is hospital insurance that helps cover inpatient care in hospitals, skilled nursing facilities, hospice, and home health care. Most people do not pay a monthly Part A premium because they or a spouse has at least 40 employment quarters (equal to 10 years of work).

**Medicare Part B:** After you pay the Part B deductible of \$226, Medicare covers about 80% of charges for things like doctors' services, outpatient care, home health services and other medical services. Part B also covers some preventive services.

**Medicare Part D Prescription Drug Plan:** Medicare prescription drug coverage is insurance through an insurance company or other private company approved by Medicare. If you do not enroll in a Medicare Part D Plan within 3 months of turning 65, you will likely pay a *late enrollment penalty when you do enroll*. Most people will pay about \$15 to \$50 per month for a Medicare Part D Plan.

**Which Medicare Part D Prescription Drug Plan does ISMA recommend?**

Because different plans cover different lists of prescription drugs at different levels of benefits, there is no “one-size fits all” plan. We suggest you go to [www.medicare.gov](http://www.medicare.gov) and follow the prompts to obtain a list of plans that cover your prescriptions. Or call ISMA Insurance Team at (317) 217-1550 for assistance.

You can apply for a Medicare Part D Plan about 3 months before you turn 65. You can switch plans during the annual open-enrollment period, which typically runs from Oct.15<sup>th</sup> - Dec. 7<sup>th</sup>.

**What is the Income Related Monthly Adjustment Amount (IRMAA)?**

IRMAA is an acronym for Medicare’s income-related monthly adjustment amount. This is a higher premium charged by Medicare for Part B and Part D to individuals with higher incomes.

The Social Security Administration (SSA) makes the determination about whether you’re subject to IRMAA based on the income you reported in your federal tax return two years ago.

If your yearly income in 2021 (two years ago) was			<b>PART B</b> You pay each month (in 2023)	<b>PART D</b> You pay each month (in 2023)
File individual tax return	File joint tax return	File married & separate tax return		
\$97,000 or less	\$194,000 or less	\$97,000 or less	\$164.90	Your plan premium
above \$97,000 up to \$123,000	above \$194,000 up to \$246,000	Not applicable	\$230.80	\$12.20 + your plan premium
above \$123,000 up to \$153,000	above \$246,000 up to \$306,000	Not applicable	\$329.70	\$31.50 + your plan premium
above \$153,000 up to \$183,000	above \$306,000 up to \$366,000	Not applicable	\$428.60	\$50.70 + your plan premium
above \$183,000 and less than \$500,000	above \$366,000 and less than \$750,000	above \$97,000 and less than \$403,000	\$527.50	\$70.00 + your plan premium
\$500,000 or above	\$750,000 and above	\$403,000 and above	\$560.50	\$76.40 + your plan premium

When you retire and your income goes down, you should contact Social Security to request Form SSA-44 Medicare Income Related Monthly Adjustment Amount Life Changing Event. The life changing event will be “work stoppage” or work reduction.

### **What is the ISMA-sponsored Medicare Supplement?**

The ISMA-sponsored Medicare Supplement is a plan designed for ISMA physicians and their spouses on Medicare. The plan pays health care costs not covered by Original Medicare such as deductibles, co-payments and coinsurance, and health care when traveling outside the U.S.

### **Will I continue to use my current Anthem ID card after Medicare is my primary insurance?**

No. Anthem will issue you a new ID card with a new group number. To ensure accurate claims are processed correctly, present your red/white/blue Medicare card and your new Anthem ID card to each of your health care providers after you turn 65.

If you are currently insured with an ISMA-sponsored Individual Anthem policy, your spouse and child(ren) will automatically be set up under a separate ISMA-sponsored Individual Anthem policy with a new ID number. If you are not currently insured with an ISMA-sponsored Individual Anthem policy, they may be eligible for a Marketplace plan through [www.healthcare.gov](http://www.healthcare.gov). And if they work, they may be eligible for an employer-sponsored plan.

### **Do I need to ask ISMA to change my Anthem policy to the ISMA-sponsored Medicare Supplement?**

If you are retired or part of an employer plan with fewer than 20 employees, when you become eligible for Medicare due to age, the ISMA will automatically change your Anthem policy to the ISMA-sponsored Medicare Supplement at the appropriate time.

If you continue to work after the age of 65 and are part of a group with 20 or more employees that pays some part of your premium, you will need to notify the ISMA about 3 months before you retire or leave the group so the ISMA can change your Anthem policy to the ISMA-sponsored Medicare Supplement. At that time, you will also need to call Social Security at (800) 772-1213 to apply for Medicare Parts A and B.

### **If I purchase another Medicare Supplement, can my spouse continue coverage through ISMA?**

No. If you currently cover a spouse and/or child(ren), you will need to arrange for a new policy for them elsewhere. They may be eligible for a Marketplace plan through [www.healthcare.gov](http://www.healthcare.gov). And if they work, they may be eligible for an employer-sponsored plan.

### **I work for an employer with more than 20 employees. Can I delay enrolling in Medicare and continue contributing to my Health Savings Account (HSA)?**

If your employer has 20 or more employees, and you have not applied for Social Security, you have the right to postpone applying for Medicare and therefore can continue to contribute to your HSA until you stop working. There is no penalty for this delay. When your employment ends, you are entitled to a special enrollment period to sign up for Medicare.

### **If I retire after the age of 65, can I continue to contribute to my HSA until I am enrolled in Medicare?**

You can contribute to your HSA as long as you do not enroll in Part A or Part B. When you do enroll after the age of 65, Part A coverage will be backdated by 6 months. To avoid a tax penalty,

you should stop contributing to your HSA at least six months before you apply for Medicare. Consult with your financial advisor once your retirement date has been determined.

### **If I have a Health Savings Account (HSA), what happens when I turn 65?**

Once you enroll in Medicare Part A, you may no longer contribute to your HSA. Your maximum contribution and your catch-up contribution for that calendar year will be prorated based on the number of months you were eligible to contribute. (If you have already fully funded your HSA for the year in which you turn 65, to avoid potential tax consequences you should write your HSA administrator to request a withdrawal of the overfunded amount and any interest earned by the amount overfunded for that year.)

**EXAMPLE:** You and your spouse are enrolled in an HSA-qualified High Deductible Health Plan (HDHP) and have a Family HSA. Your spouse is two years younger than you. You attain age 65 on May 15 and become eligible for Medicare on May 1. Therefore, you can contribute to your HSA for January 1 through April 30, which is 4 months. The 2023 HSA contribution limit for a Family is \$7,750; you can contribute 4/12 of this amount, which is \$2,583. The 2023 catch-up contribution limit is \$1,000; you can contribute 4/12 of this amount, which is \$333. This produces a total maximum contribution of \$2,916.

### **If my spouse and I have an HSA, can my spouse make contributions after I turn 65?**

If your spouse opens a *separate* Health Savings Account (HSA) in their own name, HSA contributions are allowed until your spouse enrolls in Part A or Part B. As long as a spouse is enrolled in an HSA qualified High Deductible Health Plan (HDHP), they are eligible to make a prorated contribution based on the number of months remaining in the calendar year when the HSA is opened. If your spouse is between the ages of 55-64, a prorated 2023 catch-up contribution of \$1,000 is allowed.

**EXAMPLE:** You and your spouse are enrolled in an HSA-qualified High Deductible Health Plan (HDHP) and have a Family HSA. Your spouse is two years younger than you. You attain age 65 on May 15 and become eligible for Medicare on May 1. Your spouse can open a separate HSA starting May 1 and contribute to that HSA for May 1 through December 31, which is 8 months. The 2023 HSA contribution limit for a Single is \$3,850. Your spouse can contribute 8/12 of this amount, which is \$2,567. The 2023 catch-up contribution limit is \$1,000. Your spouse can contribute 8/12 of this amount, which is \$667. This produces a total maximum contribution of \$3,234.

### **If I have a Health Savings Account (HSA), how are disbursements taxed after I turn 65?**

You can continue to use your HSA account tax-free for eligible out-of-pocket expenses. For a list of qualified expenses, search online for IRS Publication 502 **Medical and Dental Expenses**.

When your Medicare coverage takes effect, you can use HSA funds on a tax-free basis to pay for Medicare Part B premiums, Medicare Part D premiums, deductibles and copays, qualified long-term care insurance premiums, and COBRA premiums (but not for Medicare Supplement premiums).

You can use HSA funds for non-medical reasons. The amount withdrawn will be taxable as income but is not subject to penalties. If tax advice is required, you should seek the services of a professional.