

# Medicare: Making the Right Calls

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For those approaching retirement, decisions abound. One of the most important of these is signing up for Medicare, the government health plan for persons 65 or older. As you might expect with any program dealing with healthcare, doctors, hospitals, and especially the federal government, there are lots of details to consider and several important decisions that need to be made in the proper timeframe. This brief report provides a summary of key points that you should keep in mind as you navigate the initial stages. It's important to understand that this checklist is a summary only; for further details you will want to carefully review resources such as:

- Medicare & You: The Official U.S. Government Medicare Handbook (available online at <https://www.medicare.gov>)
- Enrolling in Medicare: Your Comprehensive Checklist (available online at <https://www.healthline.com>)
- Medicare Resource Center (available online at <https://www.aarp.org>)

You will also want to consult with your financial advisor and your trusted medical providers to make sure that you are covering all the bases with related programs such as Social Security, your necessary prescription medications, and any other special needs you—and, in the case of a married couple, your spouse—may have with regard to your healthcare program.

## When Should You Apply for Medicare?

This is the most basic decision of all. Medicare is available to Americans age 65 or older, in addition to younger persons receiving Social Security Disability Insurance (SSDI) benefits. Generally, you should apply for Medicare during your initial enrollment period, which runs from three months before the month of your 65th birthday to three months following. If you do not enroll during your initial enrollment period, you may become subject to penalties—in the form of higher monthly premiums—when you do enroll.

However, if you are already covered by another healthcare plan that provides “creditable coverage,” you will not be penalized for deferring your application for Medicare. “Creditable coverage” means coverage that provides benefits equal to or better than those provided by Medicare. Generally speaking, employers with 20 or more employees, as well as certain government employers and organizations, offer coverage that meets these requirements. If you work for such an employer and are age 65 and otherwise eligible to enroll in Medicare, you may be exempt from the penalties for deferred enrollment. This consideration is especially important for persons with younger spouses who do not yet qualify for Medicare. If your spouse's health insurance coverage is being provided through your employer, it may not be to your advantage to enroll in Medicare and drop your other coverage until your spouse qualifies either for Medicare or other coverage.

If you are approaching the age of eligibility for Medicare and are unsure whether your employer offers “creditable coverage,” you should ask for a notice of creditable coverage. If your employer cannot provide such a notice, you should enroll for Medicare during your initial enrollment period in order to avoid penalties later.



## Enrollment Checklist: What You'll Need

Let's assume that you have decided to enroll. Unless you are already receiving some form of Social Security benefits, you'll need to provide proof of age, work history, and citizenship. Acceptable documentation may include the following:

- Birth certificate
- Proof of citizenship or permanent residency if you weren't born in the United States
- Income statements
- W2 or other tax forms
- Discharge papers or other records of military service

You can enroll online or at your local Social Security office.

## Questions to Ask

As you approach the Medicare application process, there are some basic questions you need to get answers to, including:

- Does my primary care physician (and other providers) accept Medicare?
- What does Medicare cover?
  - Part A, or "basic Medicare," covers most hospitalization costs. It is free for most enrollees.
  - Part B covers outpatient doctor visits and diagnostic tests; you will pay a monthly premium.
  - Part C ("Medicare Advantage") is a private insurance option that combines the coverages of Parts A and B, along with other benefits. You should compare rates and coverage to determine if Part C is your most cost-effective option.
  - Part D covers prescription drugs. You will pay a monthly premium that varies by plan.
  - Medicare supplements ("Medigap" plans) are private insurance plans that help with deductibles, copays, and coinsurance. Costs and benefits vary by plan, so it is important to compare.
- What is the best plan for me? NOTE: Medicare.gov offers a plan finder that allows you to search for and compare different plans offered in your area.



## Next Steps

After you sign up for Medicare, you can create a free online Medicare account. This account provides you with some important tools, including:

- Researching and comparing plans for Part C, Medigap, and others
- Exploring coverage options
- Tracking your prescriptions and comparing drug plans
- Reviewing preventive services to which you're entitled
- Understanding and anticipating your Medicare premiums

## Putting It All Together

As we all know, healthcare considerations are a vital part of planning for a successful retirement. With costs rising yearly, it just makes sense to give careful thought to how you'll cover those expenses in your later years. Medicare is a cornerstone of retirement planning for most Americans, but it's crucial to look at all your options. It is not a "one-size-fits-all" program, and the more you know about how Medicare can be customized to your particular needs, the better off you'll be when the time comes to take advantage of the benefits you've earned during your working years.

At Empyryon Wealth Management, we take responsibility for our clients' total well-being, not just their financial planning. If you would like more information about how you can make smart decisions about Medicare, from enrollment to plan design, we are available to help and advise.

## About the Author

Kimberly Foss is the president and founder of Empyryon Wealth Management. She has more than 37 years of experience helping people achieve their financial goals, with 31 of those years at the helm of Empyryon.

Beginning her career with Merrill Lynch as the youngest female account executive at the time, she quickly distinguished herself, rising to become the second leading broker in an office of 28. Despite her success, the commission-driven environment of a large stockbroker with a focus on selling proprietary investment products soon convinced her to found her own firm.

Committed to devoting her entire attention to helping clients make smart financial decisions and avoid costly mistakes, she founded E&A Investment Advisor, Inc. (now Empyryon Wealth Management) in 1989.

Foss is an acknowledged leader in the investment advisory industry, and her work has been consistently recognized. In 2020, Empyryon Wealth Management received two reputable awards from Investor.com, including the "Top Firms to Watch" and "Top Firms in California" awards. Bloomberg Wealth Manager also named Empyryon one of the nation's Top Wealth Managers out of a field of 500, ranking 116th in 2004, 91st in 2003, and 119th in 2002.



Each year since 1998, Foss has received the DALBAR seal award, a designation awarded to financial professionals who meet stringent requirements set by the Securities and Exchange Commission and who receive above-average ratings from their clients for financial results, trust, satisfaction, and overall advice quality.

In 1998, Foss was the only woman and the youngest person ever recognized by California State University, Chico College of Business as one of its Distinguished Alumni. She was a key contributor to *Secrets of the Wealth Makers: Top Money Managers Reveal Their Investing Wisdom*, written by Michael Lane and published by McGraw-Hill in 2000. More recently, she is the author of *Wealthy by Design: A Five-Step Plan for Financial Security* (2013, Greenleaf Book Group).

Foss has held the CERTIFIED FINANCIAL PLANNER™ accreditation from the Certified Financial Planner Board of Standards since 1991, and also holds the CERTIFIED PRIVATE WEALTH ADVISOR (CPWA®) designation from the Investments and Wealth Institute. As of this writing, she is a candidate for the CERTIFIED FINANCIAL THERAPIST-I™ (CFT-I™) designation.

