



What to know about Medicare before retirement.

During National Medicare Week (September 21-27), take time to learn about this important program for covering your future health care costs.

Medicare is essential for many older Americans, helping them cover the costs of many necessary health care services. You have to be 65 to enroll in Medicare, but that doesn't mean you should wait to learn how the program works. In fact, you'll benefit by planning ahead for enrollment even when eligibility is many years away.

Don't miss your enrollment window. You have a seven-month enrollment window in which to apply to the Medicare program. The window opens three months before your birthday month and closes three months after your birthday month. If you miss your window, you can enroll during a future open enrollment period, which always runs from October 15 to December 7. However, you may pay more in Medicare premiums if you put off enrollment when you're first eligible.

If you have employer-based coverage, enrollment can wait. The one exception to the initial enrollment window is if you have existing health insurance coverage through an employer. You can still consider enrolling in Medicare when you turn 65, but you won't be penalized with higher premiums if you continue to work past 65 and stay enrolled in your employer's health insurance plan. When you decide to retire or when your employer coverage ends—whichever comes first—that's when you should enroll in Medicare.

Learn the Medicare ABCs—and Ds. Medicare is one program with four different parts. Parts A and B are often called original Medicare. Part A is mandatory—this covers hospital visits and skilled nursing care, along with some home health care. Part B is medical insurance, covering doctor office visits, outpatient care and preventative services. You pay a monthly premium for Part B coverage that's based on your adjusted income prior to enrollment.

Parts C and D are optional but offer some important coverages. Part C includes Medicare Advantage plans, which are managed by private insurance providers and may incorporate Parts A and B plus additional services that original Medicare does not cover. (See below.) Part D is for prescription drug coverage. Many people sign up for Part D when their initial enrollment window opens to avoid a penalty for delaying their enrollment down the road.

Not every medical expense is covered. Some routine health services won't be paid for by Parts A and B, including most dental care, eye exams, cosmetic surgery and hearing aids. Some Medicare Advantage plans cover these excluded expenses, so you may want to research some Part C options if you're interested in covering the cost of these services.

Long-term care services for chronic illnesses are also not covered under Parts A and B. This could potentially be a major out-of-pocket expense—the likelihood of a 65-year-old person needing some form of long-term care as they age is around 70 percent, according to the U.S. Administration on Aging. Moreover, the cost of long-term care services (e.g., nursing home care, assisted living, home health care) is rising every year.

When planning for your future health care needs and expenses, consider your options with Medicare, Medicare Advantage, and other insurance programs that can help you cover these costs in your later years.

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