



# 2021 Medicare, Social Security & HSAs

U.S. Employees

Benefits Meeting



## Today's Discussion

### Medicare Basics

- What is Medicare?
- Medicare Parts A & B

### Medicare Eligibility

### Medicare & Health Savings Account (HSA) Rules

- Currently enrolled in Medicare and/or receiving Social Security benefits
- Spouse is enrolled in Medicare
- Receiving Medicare due to a disability
- Not yet Medicare eligible

### Important Contact Information

## What is Medicare?

**Medicare is health insurance for Americans :**

- Age 65 or better (or under 65 with certain disabilities)
- Of any age with End-Stage Renal Disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant)

**The different parts of Medicare help cover specific health care services**

- **Part A** – Hospital insurance
- **Part B** – Medical insurance
- **Part C** – Medical Medicare Advantage Plans (like an HMO or PPO) run by Medicare-approved private insurance companies. These plans include Part A, Part B, and usually other coverage Part D
- **Part D** – Prescription Drug coverage

## Medicare Parts A & B

	Part A	Part B
<b>Cost</b>	Nothing because you paid Medicare taxes while employed	Monthly premium deducted is from your Social Security benefits  Projected standard premium is \$148.50 per month for 2021
<b>How you get it</b>	Automatically when reaching age of retirement or age 65, whichever is later  If you collect Social Security, you automatically receive Part A	If you do NOT want Part B, you must disenroll (instructions on your Medicare card)  If you collect Social Security, you automatically receive Part B

## Eligibility

- If you continue working past your 65<sup>th</sup> birthday, you can postpone Medicare enrollment until you retire
- If you retire at age 65, you can sign up for Part A and Part B:
  - **When first eligible** – Your enrollment window spans 7 months, starting 3 months before the month of your 65<sup>th</sup> birthday and ending 3 months after that month.
  - **Between Jan. 1 – Mar. 31 each year** – If you didn't sign up when first eligible, you can sign up during this Open Enrollment period.
  - **If you qualify for Special Enrollment period** – If your BMC medical coverage ends you have 8 months to enroll.

## Eligibility

### Medicare at Age 65

**Your Part A and B coverage start date depends on when you enroll:**

- During 3 months before you turn 65 – coverage starts on the 1st day of your birthday month
- The month you turn 65 – coverage starts 1 month after you sign up
- 1, 2, or 3 months after you turn 65 – coverage starts 2 or 3 months after you sign up
- During Open Enrollment period (January 1 – March 31) – coverage starts July 1

# Eligibility - Definitions

## Eligible for Medicare

- You've met the requirements to qualify for Medicare Part A hospital insurance. In other words, you (or your spouse) have enough Social Security work credits but you haven't yet applied for it

## Entitled to Medicare

- You are entitled/enrolled in Medicare. You become enrolled by filing an application or being approved automatically. Your name is already in the system, or the application was processed and you've received a Medicare card showing the coverage start date

## Medicare and Health Savings Accounts Rules

- If you want to contribute to your HSA, you must **not** enroll in Medicare.
- You **can** be covered under a Qualified High Deductible Health Plan, like the BMC HSA Plan, regardless of Medicare eligibility. However, you can't open or contribute to an HSA.
- After you enroll in Medicare, you can continue to use your HSA money to pay for qualified medical expenses.



# Medicare and Health Savings Accounts Rules

- You **cannot** decline Medicare Part A if you are receiving Social Security benefits.
- You can delay Part A and contribute to a Health Savings Account if:
  - You haven't applied for Social Security or Medicare
  - You signed up for Medicare Part A but have not applied (No penalty for this delay as long as you're covered by the BMC HSA Plan)
  - You withdraw your Part A application (You signed up for Part A at age 65 or later, but have not yet applied for Social Security retirement benefits)
- If you withdraw your Part A application you won't incur penalties, however, you will need to repay any medical claims paid by Part A.
- To withdraw your Part A application, contact the Social Security Administration at 1-800-772-1213.

# Medicare and Health Savings Accounts Rules

- If you have applied for, or are receiving, Social Security benefits, which automatically entitles you to Medicare Part A, you cannot open/contribute to an HSA.
- To opt out of Part A you must:
  - Pay back Social Security earnings and Medicare claim amounts before disenrollment begins
  - You can reapply for Social Security and Medicare in the future
- Contact the Social Security Administration at 1-800-772-1213 to start this process.
- If you are receiving Medicare due to a disability:
  - You are ineligible to open a Health Savings Account, because you have Medicare
  - The only way to open an HSA is to opt out of Part A:
    - Repay Social Security earnings you've received, even if you've never used Medicare for medical services
    - Repay Medicare for any claims for services

## Medicare and Health Savings Accounts Rules

- Stop all HSA contributions up to 6 months before you collect Social Security
- When you apply for Social Security at age 65 or better, Medicare Part A is retroactive for up to 6 months if you were eligible for Medicare during those 6 months.
- Any contributions you make to your HSA in the previous six months will be subject to tax penalties
- HSA contribution limit is pro-rated to the month you enroll in Medicare
  - Example: Bill turns 65 in August 2021 and enrolls in Medicare. Bill and BMC contribute up to the IRS annual limit of \$8,200. Bill's 2021 contribution limit is \$4,783 ( $\$8,200 \div 12 \times 7$ ).

## Spouse is Enrolled in Medicare

- HSAs are individually owned so you can contribute to your account even if your spouse is enrolled in Medicare.
- With employee-only coverage, you can contribute up to the single maximum annual contribution for 2021: \$3,600 (Yours and BMC's) plus an additional \$1,000 if you are age 55 or better.
- However, if your spouse is covered under the BMC plan and by Medicare you can contribute up to the family maximum of \$7,200 for 2021.

# Not Medicare Eligible Yet, But Close!

- Contribute to your HSA up to the IRS annual maximum + \$1,000 catch-up contribution
- Stop your HSA contributions the month before you enroll in Medicare (typically the month you turn 65) since HSA contribution changes are effective the 1<sup>st</sup> of the following month
- Stop your HSA contributions up to 7 months before receiving Social Security benefits. If you delay your application for Social Security benefits past age 65, Medicare coverage will be retroactive up to 6 months prior to the date you become entitled to Social Security.
- Whether you should delay enrollment in Medicare so you can continue contributing to your HSA depends on your circumstances. If you wish to decline Medicare, you can do so and enroll later when you lose employer coverage – this is considered a Qualifying Event.
- At time of retirement, call your local Social Security office

## Important Contact Information

### Center for Medicare Services (CMS)

- [www.cms.gov](http://www.cms.gov)

### Medicare

- 1-800-633-4227
- [www.medicare.gov](http://www.medicare.gov)

### Social Security Administration

- 1-800-772-1213
- [www.ssa.gov](http://www.ssa.gov)

### AARP FAQ

- [http://www.aarp.org/health/medicare-insurance/info-04-2009/ask\\_ms\\_medicare\\_question\\_53.html](http://www.aarp.org/health/medicare-insurance/info-04-2009/ask_ms_medicare_question_53.html)

### IRS Pub 969 – HSAs & Other Tax-Favored Health Plans

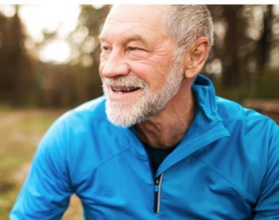
- <https://www.irs.gov/pub/irs-pdf/p969.pdf>

**Disclaimer:** This presentation is for informational purposes only. Please consult your financial or tax advisor if you have any questions. You may also contact the Social Security Administration or Center for Medicare Services

## Mybmcbenefits.com/journey-to-retirement



**If you're considering retirement from BMC, you've got a lot on your mind. Retirement is a life decision that involves many important considerations.**



### Journey to Retirement

If you're considering retirement from BMC, you've got a lot on your mind. Retirement is a life decision that involves many important considerations. And it's essential to understand the impact on your benefits and your options to continue coverage a little longer.

Whether you are 10 years from retirement or have a closer timeframe – you've come to the right place. This information will help you unravel the financial mysteries of life after work and discover changes you can make for a financially secure future. Read on to:

- Learn about the impact on your benefits when you retire and your options to continue coverage a little longer.
- Get the highlights about programs and benefits that will be available to you when you retire, such as Social Security and Medicare, so that you can keep them in mind as you plan for the future.
- Check out a list of resources with contact details so that you can access additional information.



### Are You Working Past Age 65? Things to Know About Medicare and the BMC HSA Medical Plan.



Things can get a little tricky when you reach age 65 and are still working and contributing pre-tax dollars to a Health Savings Account (HSA). Medicare and HSA rules intersect, complicating already complex decisions about when to take your Social Security and Medicare benefits.



Receiving Medicare and Social Security benefits disqualifies you from contributing to an HSA. If you started an account before you enrolled in Medicare, you still keep the account and make withdrawals—you just can't contribute to it any longer.

### Use this interactive tool to learn more:

I am about to turn age 65 and planning to enroll in Medicare.

OR

I am already age 65 or better and planning to enroll in Medicare.

I am age 65 or better and am enrolled in Medicare.

# Myviabenefits.com



Find a Health Plan that  
Covers You and Your  
Family with Via Benefits





2021 Annual Enrollment  
**Nov. 2 – Nov. 13**

**Resources:**

[mybmcbenefits.com/annual-enrollment-2021](https://mybmcbenefits.com/annual-enrollment-2021)

[mybmcrewards.com](https://mybmcrewards.com)

**Thank You**