

THE NEW OLD AGE

Why You Shouldn't Wait to Sign Up for Medicare Part B

By [Paula Span](#)

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Twenty years ago, George Zeppenfeldt-Cestero left his job as a hospital administrator in New York to open a one-person health care consulting firm.

Since he was losing his employee medical coverage, he shopped around and bought a private health insurance plan through Aetna.

It was expensive, with premiums starting at about \$1,000 a month, but “it paid for all my doctors’ visits and my medications,” he said. “I was a satisfied consumer.”

But several years ago, Aetna informed him that it was discontinuing that plan, sending him scrambling for another insurer. That’s when, applying for coverage through the state marketplace under the Affordable Care Act, Mr. Zeppenfeldt-Cestero learned that he (and, he argues, Aetna) had made a serious error.

He should have signed up for Medicare Part B three years earlier when he turned 65.

By delaying, he had missed the best window — the so-called Initial Enrollment Period — to apply for Part B, which covers much of what we consider health care: doctor visits, tests, injectable drugs (including chemotherapy), ambulances, physical therapy and other non-hospital services. As a result, he has to pay permanently higher premiums, and he had to endure an unsettlingly long period — from December to July — before the coverage actually kicked in.

“It was very nerve-racking,” Mr. Zeppenfeldt-Cestero, now 71 and still working. “For six months, I was without any coverage whatsoever.”

Such Part B mistakes appear to happen with some frequency. Last year, nearly 700,000 Medicare beneficiaries were paying Part B penalties, according to the Centers for Medicare and Medicaid Services.

“It’s one of those issues that has started to snowball,” said Fred Riccardi of the nonprofit Medicare Rights Center, which annually fields 20,000 Medicare-related questions on its helpline (800-333-4114) and three million through its online tool Medicare Interactive.

To simplify a complex process, people are supposed to sign up for Part B when they turn 65, unless they are working and have coverage through an employer, or a working spouse’s employer.

Yet as people approach age 65, Mr. Riccardi pointed out, “there’s no notice that says, ‘It’s time to enroll in Medicare and if you don’t, you could have problems.’”

One factor underlying the confusion, experts say, is the decoupling of Medicare eligibility from the Social Security full retirement age. Both threshold ages used to be 65 but now, the full Social Security retirement age has passed 66 and will gradually rise to 67.

“It’s all become far more complicated than it used to be when people turned 65, got their Social Security, got their Medicare, and that was that,” said Patricia Neuman, director of the Kaiser Family Foundation Program on Medicare Policy.

Enrollment in Medicare Part A, which covers hospitalization and requires no premiums for most beneficiaries, occurs automatically at age 65 if you’re drawing Social Security retirement benefits. You have to take steps to enroll if you delay taking Social Security past age 65.

If you’re not yet receiving Social Security benefits, you also have to sign up for Part B, which this year costs \$134 a month, more for individuals with incomes over \$85,000 a year. The question is when to enroll.

Bear with me as I try to clear a path through the thicket, keeping in mind that I’m talking about Medicare based on age. Younger people with certain disabilities, also insurable through Medicare, contend with different rules.

You have seven months — the month in which you turn 65 and the three months both before and after it — to apply for Part B without penalty. You can apply online at <https://www.medicare.gov/sign-up-change-plans/how-do-i-get-parts-a-b> or at a Social Security office.

If you're still employed and working at a company or organization with 20 or more employees (or your spouse is), and you're covered by an employee health plan, you may not need Part B yet. Instead of paying premiums, it could make financial sense to hold off. But it's important to know that after losing employee coverage — due to retirement, layoffs or any other reason — you have an eight-month “special enrollment period” to sign up for Part B.

If you miss that window, you have to wait for the general enrollment period, which runs from January 1 through March 31 each year. That creates two problems.

First, Medicare will add a permanent 10 percent penalty to your premiums for each year you delayed. Mr. Zeppenfeldt-Cestero has to pay \$187.60 per month now because he waited more than three years to sign up. If he had enrolled when he was 65, his monthly premium would be \$134.

“Without good information, people make mistakes and they're costly,” Dr. Neuman said. “In this case, it's a cost that continues the rest of your life.”

The second problem: the general enrollment period imposes coverage gaps.

The general enrollment period (not to be confused with the Open Enrollment Period currently underway when those already receiving Medicare can change plans) runs from January through March, remember. But coverage doesn't begin until the following July 1.

If you didn't sign up for Part B and recognize your error in March, you can be insured in July. If you figure it out in April, however, you can't enroll until the following January and coverage begins the *following* July.

“It could be well over a year, depending on when you discover the problem,” said David Lipschutz, senior policy lawyer at the Center for Medicare Advocacy. “Unfortunately, some people discover it when they get sick.”

What causes this predicament? Working seniors may be getting bad information from human resources departments, benefits counselors or insurance brokers. They may be relying on a COBRA plan, in which case Medicare should become their primary insurer at 65.

Or they may have transitioned from employee coverage to a retiree plan. Then, too, Medicare should become their primary insurer, with the other plan the secondary insurer.

“Their retiree coverage looks just the same as when they were working,” Mr. Lipschutz said. “But in Medicare's eyes, everything changes when you retire.”

An insurance company that belatedly learns it's been paying your medical bills, when Medicare should have been your primary insurer, may try to recoup what it spent.

Because this process involves many exceptions and caveats (if you're a federal employee, say), and remedies for a few people, there's no substitute for consulting with an expert as you near 65. “You need to investigate,” Mr. Lipschutz advised.

Given the risks of misinformation from employers, that probably means talking to Social Security by phone or in person, documenting all your conversations with dates and names.

“Very educated, astute folks get caught in this trap,” Mr. Lipschutz said. “They're not scofflaws. They tried to play by the rules.”

A legislative attempt to fix the mess, the BENES Act (for Beneficiary Enrollment Notification and Eligibility Simplification), would send notices to those approaching age 65, clearly explaining Part B enrollment. The bill has made little headway, despite bipartisan support, but advocates hope it will gain traction after the midterm elections.

Mr. Zeppenfeldt-Cestero has full Medicare coverage now, plus a supplemental Medigap policy. But he's still angry about what he calls “my nightmare.”

Over several months, “I spoke to every advocacy and oversight agency out there to try to get this resolved in my favor,” he said. He called Social Security and the Centers for Medicare and Medicaid. He tried his senator's office.

“They all said, ‘You're out of luck.’”