

# Understanding HDHP & HSA's Medicare Matters

When you continue to work past Medicare eligibility, there are a few things that you need to keep in mind when you decide on your current and future insurance elections.

## Social Security Income

If you draw Social Security prior to age 65, your A&B parts of Medicare will be automatically initiated on your 65th birth month. Part A will be earned and should not cost you any additional fees. Part B however, does come with a monthly subscription styled fee. The Part B fee is based on your income with an average fee of \$148.50 per month. This fee will be deducted from your Social Security deposit. You can opt out of your Part B coverage.

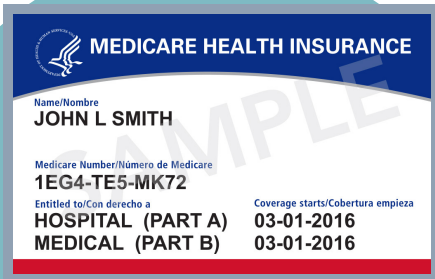
## Health Savings Account

Health Savings accounts, are attached to Qualified High Deductible Health Care Plans (HDHP's). These savings accounts allow you to contribute pre-tax dollars to your HSA to fund qualified medical expenses as well as some insurance premiums. Your ability to contribute into this account will depend on your Medicare enrollment. If you are enrolled in Part A, B, or D- you will not be able to contribute to an HSA account.

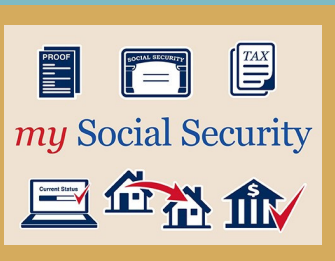
## Creditable Coverage

An eligible individual who fails to enroll in Medicare Part D during the Initial Enrollment Period must maintain "creditable coverage" or pay a late enrollment penalty. The late enrollment penalty will be imposed after a break in creditable coverage that lasts for a period of 63 days or longer (after the Initial Enrollment Period) and will apply for as long as the individual remains enrolled in Part D.

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As more and more people work past age 65 and Medicare eligibility, it is more important to understand how Medicare and Social Security impact other benefits. If you have additional questions, please let us know. The short story is that you cannot be enrolled in any part of Medicare or drawing Social Security, if you elect to contribute to an HSA. You will need to understand if your plan is considered NON-CREDITABLE coverage for the prescription portion of the benefit. If it is non-creditable, and you do not enroll in a Part D drug plan when you are first eligible, you will acquire a penalty for each year that you are not enrolled in a creditable drug plan. Please understand this penalty will be forever.



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