

# Retirement and Your Employer or Union-Based Health Insurance



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## Retirement and Your Employer or Union-Based Health Insurance

If you have employer or union-based health insurance and are thinking about retiring, now is the time to educate yourself about your options. Your options depend upon your age at the time you retire.

Employment and union-related plans are individualized for each company or organization. No two plans are alike. Before you retire, be sure to check with your employer to find out about their health insurance policies for retirees. Following are the basics you should know about:

**Medicare** is a health insurance plan sponsored by the federal government. To qualify, you must be one of the following:

- Age 65 or older and a U.S. citizen, or a legal resident who has lived in the U.S. for five years or more
- Under age 65 with certain disabilities
- At any age with End Stage Renal Disease (ESRD), also known as permanent kidney failure requiring dialysis or a kidney transplant
- At any age with Amyotrophic Lateral Sclerosis (ALS), also known as Lou Gehrig's disease

Medicare alone does not cover all health care costs. For most people, Medicare Part A (Hospital Insurance) is free, but there is a monthly premium for Medicare Part B (Medical Insurance) and Medicare Part D (Prescription Drug coverage).

There are also deductibles and co-insurance. Medicare does not cover most routine care, vision care, and dental care, and it does not cover most care if you travel outside the U.S. Employer or retiree health coverage is one way to help fill these gaps.

### Retiring BEFORE age 65

For most people, Medicare doesn't start until you turn age 65. If you plan to retire before 65, you may want to think about:

- COBRA continuation benefits
- Employer or union coverage through your spouse or partner
- Individual market coverage
- Low-cost health coverage options such as Basic Health

For more detailed information about your options, read [A Consumer's Guide to Health Care Coverage](#). If you are disabled, read [Health Insurance Options for People with Disabilities](#).

## Retiring AT age 65

If you plan to retire at age 65, you will need to coordinate your employer or union health insurance and your Medicare coverage. Check with your employer or union about their requirements. In general, once you retire, your retiree coverage pays second, after Medicare pays its portion.

It is important to sign up for Medicare in a timely manner. The “initial” enrollment period for Medicare begins three months before your 65th birthday and ends three months after your 65th birthday month. For more information about retiring at age 65 and joining Medicare, read [Your Medicare Choices](#).

## Retiring AFTER age 65

If you are covered under your own, or your spouse’s current employer or union health plan (not a plan for retirees and their spouses), you are eligible for a “special” enrollment period in Medicare. This means you may delay enrollment in Medicare Part B without penalty, and avoid paying the monthly Part B premiums. You can enroll any time while you are still covered by the employer or union plan, or up to eight months after the month you are no longer actively employed and/or no longer covered by an employee-related health plan.

COBRA continuation coverage is not the same as employer or union coverage for active workers. If you have COBRA or other continuation coverage, you do not get a special enrollment period for Medicare. To avoid penalties, you may want to think about joining Medicare as soon as you are eligible.

Here are some reasons you may want to wait until retirement (or until your employer or union coverage is about to end) to enroll in Medicare Part B:

- Your employer’s coverage may be broader than Part B.
- If you continue on the employer’s plan, it will pay first. Medicare will pay after your group coverage pays – if it pays at all. You will pay the Part B premium without receiving any benefits.
- Enrolling in Part B before you stop your active employment will eliminate your one-time Medigap open enrollment period opportunity. Medigap plans (also called Medicare supplement plans) are private health insurance policies that provide you with a way to pay for the gaps in coverage left by Part A and B. If you are age 65 or older, during the first six months of your enrollment in Part B, you may enroll in any Medigap plan. For more information about retiring after age 65 and joining Medicare, read [Your Medicare Choices](#).

## Things to think about before you retire at ANY age

If you are making any change in your employer or union-sponsored health insurance, think about:

- How will this affect any coverage your spouse or partner has?
- How will this affect any coverage your dependents may have?
- If you drop your employer or retiree coverage, you probably cannot ever get it back.

**Need more help? Call our Insurance Consumer Hotline!**

**1-800-562-6900**

Our professional consumer advocates enforce insurance law and can investigate complaints against insurance companies and agents on your behalf. We also offer individual counseling and group education on health care issues in your communities. Our highly trained SHIBA (Statewide Health Insurance Benefits Advisors) HelpLine volunteers can help you understand your rights and options regarding prescription drugs, government programs, billings, appeals and more.



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