

## Medicare Basics FAQs

**Q: Any advice on coverage for travel outside the U.S.?**

A: Medicare usually does not cover health care while you're traveling outside the U.S. or in U.S. territories. There are some exceptions, including cases where Medicare Part B may pay for services that you get on-board a ship within the territorial waters of the U.S. Medicare may also pay for inpatient hospital, doctor, ambulance services, or dialysis you get in a foreign country in rare cases. Medicare drug plans typically don't cover prescription drugs you buy outside the U.S.

**Q: Can you use funds you accumulated in an HSA to pay these premiums.**

A: Depends. HSA funds can be used to assist with Medicare Parts B & D, as well as Medicare Advantage Plans that are referred to as Part C. HSA funds cannot however be used to fund Medicare Supplemental coverage, also known as Part C. Flexible Savings Account funds of any variety cannot be used to fund Medicare-related premiums either. Advantage Plans tend to be cheaper and more cost-effective, but they also are not ideal for many that enjoy travel and spend time out of the state of their primary residence.

**Q: I am retired, not yet 64, and have health insurance through my former employer (a state government). Are the rules you talked about any different for me and my wife?**

A: The rules are not different however, your workplace has agreed to cover health care expenses until you reach a negotiated age. You should still enroll in Medicare Part A and B at 65, but in many cases, individual states do sponsor and provide access to various Medicare Supplemental Plans and Part D Prescription plans. We recommend contacting your current plan and inquiring.

**Q: I am still working but moved to Medicare upon turning 65. I believe this may have been a bad choice financially. Assuming I work 2 more years, can I go back to an Employer plan without penalty? What about my spouse?**

A: As a current employee over age 65 your workplace insurance plan should be your primary coverage (if the company has more than 20 full-time employees) and Medicare would be the secondary payor. The employer plan should still be accessible, and any associated cost increase would likely be due to coverage premiums that reduce your take-home pay. Part B can technically be unenrolled without penalty after completing an interview with a Medicare representative and if still currently insured by an employer plan.

**Q: If I am working for a large employer at age 65 should I still sign up for Medicare A?**

A: This is contingent on your desire to contribute to a Health Savings Account. When you enroll in Medicare you lose eligibility to contribute. If you do not have an HSA concern the answer is most likely YES. The employer plan (greater than 20 full-time employees) will be your primary insurer and Medicare will be the secondary payor until you officially leave the company.

**Q: What year does Medicare look back to calculate premium increases?**

A: The IRMAA determination is based on Modified Adjusted Gross Income from 2 years back. This can potentially lead to increased Medicare Part B premiums. Many people elect to have this premium deducted from their Social Security payments and as a result, can see a reduction in SSA payments. This can come as a very unpleasant surprise if proper tax planning is not conducted, or if the bulk of retirement funds are held inside of tax-deferred Individual Retirement Accounts or employer-sponsored defined contribution plans.



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Matthew is a principal and senior financial advisor in the HBKS® Wealth Advisors Pittsburgh office. He began his public accounting career specializing in individual and trust taxation in 2003 with a Big Four firm. He joined HBK CPAs & Consultants in 2006 and began working as a personal financial advisor with HBKS® in 2008. His clients benefit from his extensive knowledge and practical experience with tax laws and best practices as they affect individuals, including planning for the tax impact of qualified and non-qualified investments.



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Craig is a financial advisor in the Pittsburgh office of HBKS® Wealth Advisors. Craig joined HBKS® in 2018 after working as a relationship manager with Key Investment Services and PNC Investments. Prior to that he spent several years splitting time as an advisor with Lincoln Investment, dealing primarily with defined benefit plans and teaching economics and global affairs courses. Craig specializes in comprehensive financial planning and investment advisory services.

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