



Beware of Medicare Penalties

By Jennifer Baker, CalRTA Legislative Advocate

Protecting access to affordable health care to ensure healthy aging is one of the most important government responsibilities. Without such access, the goals of life and general welfare are at risk.

It is important for individuals to enroll in Medicare within three months of turning age 65 to avoid costly penalties if you have not yet retired. There are four different parts of Medicare: Part A, which covers hospital insurance, including assisting in covering inpatient care in hospitals, skilled nursing facility care, hospice care, and some health care; Part B, helps cover medical insurance, including helping to cover services from doctors and health care providers, outpatient care, home health care, medical equipment, and preventive services, and; Part D, which helps to cover the cost of prescription drugs, including shots or vaccines.

According to a California State Teachers' Retirement System (CalSTRS) survey, most retired teachers have some health benefit coverage from their former school employer until age 65. California's educational structure relies upon the fact that educators will utilize Medicare as their primary form of retiree health care after age 65. CalSTRS established a Medicare Premium Payment Program in 2000, which is funded by school employer contributions. Under this program, CalSTRS pays Medicare Part A hospital insurance premiums for eligible retired members to assist in relieving the financial burden retirees face in regard to health coverage.

A number of services are not covered by Medicare, leaving a significant gap for those retirees that need care in these areas. Some of the areas include long-term care, dental care, eye exams, dentures, hearing aids and routine foot care. The need for long-term care services alone can financially devastate a retiree. Medicare Advantage programs, however, offer access to some of these services.

Most Medicare Part D plans, which provide prescription drug care, have coverage gaps, also known as donut holes. This occurs when there is a temporary limit on how much will be provided for prescription drug coverage by the drug plan. These coverage gaps can add up to a significant amount of out-of-pocket expenses for retirees whom are already living on a fixed income.

CalRTA supports H.R. 480 (Porter - CA), which would cap the Part B Late Enrollment Penalty at 15 percent of the monthly premium and restrict the length of time it can be levied to twice the period of delayed enrollment. It additionally lifts penalties for COBRA and VA enrollees who delay Medicare coverage, allowing those enrollees to avoid a Part B premium late enrollment penalty.

As more seniors are working past age 65, they are finding out about unfair penalties in the Medicare system. CalRTA is working at the federal level to eliminate unfair penalties and gaps in coverage.

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