



Boston University Human Resources

# ***Medicare & Medicare Plans***

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# What is Medicare?

- **What is Medicare?**

- Medicare is the federal health insurance program that was created in 1965 for people age 65 & older and some under age 65 with disabilities to help with their hospital and medical expenses. The program helps with the cost of health care, but it is not comprehensive; it does not cover all medical expenses or the cost of long- term care.
- You are eligible for Medicare if you are:
  - **65 years old or older** and a U.S. citizen or lawfully permitted resident of the United States.
  - Medicare is available for certain people with disabilities who are **under age 65**. These individuals must have received 24 months of **Social Security Disability Insurance (SSDI) benefit payments** or have End Stage Renal Disease (ESRD) or Amyotrophic Lateral Sclerosis (ALS).
  - Most people are eligible for premium- free Part A if they have paid Medicare taxes long enough through their own or a spouse's or ex-spouse's work record.

# Medicare components

- **Traditional Medicare**
  - **Part A (Hospital Insurance)** pays some of the costs of hospitalization, limited skilled nursing home care, home health services, and hospice care.
  - **Part B (Medical Insurance)** covers physicians' services, most outpatient hospital services, and certain related services.
- **Medicare Supplements** provide traditional Medigap coverage for those using Medicare as their primary insurance. You must have Part A **and** Part B to be eligible.
- **Part C (Medicare Advantage Plans)** These bundled plans are offered by private insurance companies that contract with Medicare to provide beneficiaries with all of their Medicare benefits that include Part A, Part B, and usually Part D. You must have Part A **and** Part B to be eligible.
- **Part D (Prescription Drug Plans)** Even if you do not take any prescription medications, you **MUST** have a Part D plan to avoid a lifetime penalty unless you have other creditable coverage. You must have Part A and/or Part B to be eligible.

# Medicare Enrollment Periods

## ■ Medicare Enrollment Periods:

- Initial Enrollment Period (Parts A, B, C & D) 7-month period starting 3 months before the month in which you turn age 65
- General Enrollment Period (Parts A & B) Jan 1<sup>st</sup> – March 31<sup>st</sup> each year; effective 1<sup>st</sup> of the following month
- Open Enrollment Period (Parts C & D) October 15<sup>th</sup> – December 7<sup>th</sup> each year; effective January 1<sup>st</sup>
- Medicare Advantage Open Enrollment Period - Jan 1<sup>st</sup> – March 31<sup>st</sup> each year; effective 1<sup>st</sup> of the following month
  - Parts C & D – must be already enrolled in a Medicare Advantage Plan
- Special Enrollment Period (Parts B, C & D)
  - To enroll in Part B outside of the Initial Enrollment and General Enrollment Periods, you must qualify for a Special Enrollment Period, such as losing employer group health plan coverage. If you leave the University after age 65, we will certify your coverage if you are enrolled in the University's health plan

# Medicare Initial Enrollment Period

## Initial Enrollment Period

3 months before the month you turn 65	2 months before the month you turn 65	1 month before the month you turn 65	The month you turn 65*	1 month after the month you turn 65	2 months after the month you turn 65	3 months after the month you turn 65
Enroll early to avoid a delay in coverage. To get Part A and Part B the month you turn 65, you must enroll during the first 3 months before the month you turn 65.			If you wait until the last 4 months of your Initial Enrollment Period to enroll, your Part B coverage will begin the first of the month following the month of enrollment.			

\*if your birthday falls on the first day of the month, your coverage would be effective a month earlier

# Medicare and Health Savings Accounts

- **If you have a Health Savings Account (HSA) as part of a high deductible employer insurance plan,** you should delay enrolling in Part A because you cannot contribute to the HSA once your Part A coverage begins.
- You may use the funds accumulated in your HSA account *after* you enroll in Medicare to help pay for deductibles, premiums, copayments, or coinsurance.
- If you contribute to your HSA after your Medicare Part A coverage starts, you may have to pay a *tax penalty*. In order to avoid any tax penalties, you should stop HSA contributions six months prior to retiring or enrollment in Medicare.
- You will be automatically enrolled in Medicare Part A when you start receiving Social Security retirement benefits, or when you reach age 70.
- The effective date of enrollment is retroactive for up to six months; HSA contributions made during this period may result in a tax penalty.
- For further HSA questions, refer to the IRS publication 969, their Human Resources Department or professional tax accountant. [IRS Publication 969 \(2022\) Health Savings Accounts](#)

# Medicare Premiums

## ■ Part A Premium

- No premium required for individuals with 40 credits/10 years of work per Social Security and/or paid Medicare tax.
- Individuals who did not earn 40 credits will pay a monthly Part A premium based on the number of credits they worked.
- There is a \$1,676 deductible in 2025 *per benefit period*. A new benefit period begins if more than 60 days has passed since you received inpatient hospital care, or 100 days of skilled care in a skilled nursing facility.

## ■ Part B Premium

- The standard monthly Medicare Part B premium in 2025 is \$185.00 but may be higher depending on your income.
- Part B and Part D may be subject to Income Related Adjustment Amount (IRMAA) based on a beneficiaries “modified adjusted gross income” (MAGI) from two years ago. The higher Part B premium and Part D adjustment will be taken out of a beneficiary’s Social Security check and paid to Medicare. Social Security will inform beneficiaries of their adjustment and provide information on how to appeal.
- Those enrolled in Part D plans will pay the regular plan premium to their Part D plan.
- There is a \$257 Part B deductible in 2025.

# Medicare Premiums

The 2025 Part B monthly premium and Part D adjustment amount are based on one's 2023 tax return.

Individual tax return, with income (MAGI):	Beneficiaries who file		Will pay a	
	Married with a joint tax return, with income:	Married with a separate tax return from their spouse, with income:	Monthly Part B Premium of:	Monthly Part D Adjustment of:
Less than or equal to \$106,000	Less than or equal to \$212,000	Less than or equal to \$106,000	Less than \$185.00 (Held Harmless) \$185.00	\$0
Greater than \$106,000 and less than or equal to \$133,000	Greater than \$212,000 and less than or equal to \$266,000	Not applicable	\$259.00	\$13.70
Greater than \$133,000 and less than or equal to \$167,000	Greater than \$266,000 and less than or equal to \$334,000	Not applicable	\$370.00	\$35.30
Greater than \$167,000 and less than or equal to \$200,000	Greater than \$334,000 and less than or equal to \$400,000	Not applicable	\$480.90	\$57.00
Greater than \$200,000 and less than \$500,000	Greater than \$400,000 and less than \$750,000	Above \$106,000 and less than \$394,000	\$591.90	\$78.60
Greater than or equal to \$500,000	Greater than or equal to \$750,000	\$394,000 and above	\$628.90	\$85.80



# Penalties

- Part A Late Enrollment Penalty
  - **If you enroll late, and aren't eligible for premium-free Part A, your monthly premium may go up 10% for twice the number of years you signed up late.**
- Part B Late Enrollment Penalty
  - **If enrolling late, Part B penalty is a surcharge added to your monthly Part B premium for life.** The Part B late enrollment penalty is calculated as 10% of the current Part B premium for every 12month period you were not enrolled and did not have active employer coverage.
- Part D Enrollment Penalty
  - If you do not **have Part D coverage, even if you take no prescription drugs you can incur a lifetime penalty.** The Part D penalty is calculated as 1% of the national base beneficiary premium for each month you were not enrolled in a Part D plan and did not have creditable coverage.
- **Protection from Penalties**
  - Once you are eligible for Medicare, as long as you are **working and covered by your employer's group health plan (or by a spouse's plan)**, you will not be assessed a Part B Late Enrollment penalty. You will need to provide an Employment Letter to Social Security (Form CMS L564). **COBRA coverage does not provide a waiver for the Part B penalty.**
  - After you enroll in Medicare, if you have **creditable drug coverage** from any source, including employer, VA coverage, or COBRA coverage, you will not be assessed a Part D late enrollment penalty. If you lose this creditable coverage, you will have up to two months to enroll in a Medicare drug plan to avoid any penalties.

# Enrolling in Medicare

- **If enrolling during your initial eligibility period:**
  - Enroll online via the Social Security website at [The United States Social Security Administration | SSA](https://www.ssa.gov)
  - Defer Part B enrollment if you are enrolled in an employer group health plan
  - Do NOT enroll in Part A or B if you are contributing to Health Savings Account until 6 months prior to enrolling in Medicare Part A or B
- **To enroll in Part B during a Special Enrollment period:**
  - Contact the HR Service Center to request completed form CMS L564
    - This confirms enrollment in employer group health plan
    - Request form and submit application 3 months in advance of requested effective date
  - [Apply Online for Medicare Part B During a Special Enrollment Period \(ssa.gov\)](https://www.ssa.gov)
- **To enroll in Medicare Advantage, Medicare Supplement, or Part D:**
  - Enroll directly with selected carrier; most carriers have online enrollment option
  - Enrollment is effective the first of following month, so be sure to enroll ahead of requested effective date

## Additional Resources

- [Welcome to Medicare | Medicare](#)
- [The United States Social Security Administration | SSA](#)
- [Home - Centers for Medicare & Medicaid Services | CMS](#)
- [Medicare Benefits Summary | Human Resources](#)
- HR Service Center at [hr@bu.edu](mailto:hr@bu.edu)