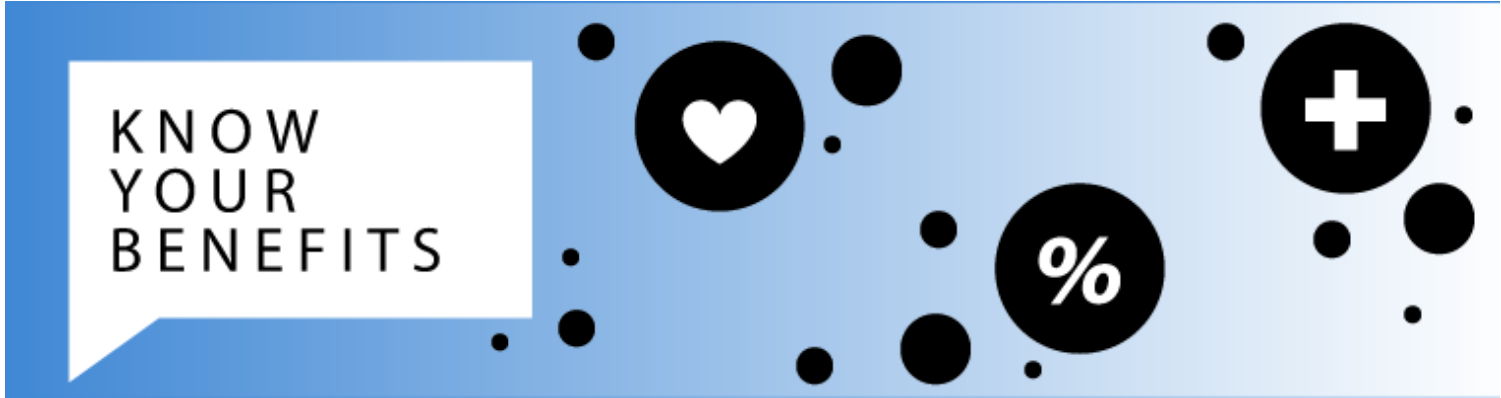




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What to Know as You Approach Medicare Eligibility Age

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Turning 65 represents a significant milestone in an individual's financial and healthcare journey. For most Americans, it marks the beginning of Medicare eligibility, a transition that requires careful consideration regardless of whether one plans to retire at age 65 or continue working.

Medicare enrollment rules are generally more complex and time-sensitive than many people anticipate, and the decisions made during the initial enrollment window carry long-term implications. Understanding the fundamentals before eligibility is the most effective way to avoid costly mistakes and ensure continuity of coverage.

This article outlines key Medicare enrollment rules, cost considerations and planning steps employees should understand as they approach age 65.

Medicare Eligibility

For the vast majority of Americans, Medicare eligibility begins at age 65. The initial enrollment period (IEP) is a seven-month window that begins three months before the month of one's 65th birthday, includes the birthday month itself and extends three months beyond it. This period represents the standard opportunity to enroll in Medicare without incurring late enrollment penalties.

Individuals who don't enroll during their IEP and don't qualify for a [special enrollment period](#) (SEP) are generally required to wait until the general enrollment period, which runs from Jan. 1 through March 31 each year, with coverage beginning the first of the month after enrollment. Failure to enroll on time may result in a permanent late enrollment penalty. For Medicare Part B, this penalty is a 10% surcharge for each 12-month period during which an individual was eligible but did not enroll. This surcharge is not temporary, as it is applied to monthly premiums for the duration of Medicare enrollment.

Given these financial implications, individuals approaching age 65 are strongly encouraged to begin planning well in advance of their eligibility date. To get started, check out [Medicare.gov](#)'s online questionnaire to find out when you should sign up for Medicare.

Medicare and Employer Coverage

A common misconception among employees approaching age 65 is that Medicare enrollment is mandatory at the time of eligibility. In many cases, individuals who remain employed and are covered under an employer-sponsored group health plan may defer Medicare enrollment without penalty, provided specific conditions are satisfied.

When deciding to sign up for Part B due to age, individuals must consider whether Medicare or their employer-sponsored insurance will pay first. The determining factor is employer size. When an employer has 20 or more employees, the group health plan serves as the primary source of coverage, with Medicare as the secondary source. Under these circumstances, an employee may delay enrollment in Part B and Part D until employment ends or employer-sponsored coverage is lost. Upon that triggering event, an eight-month SEP is available to enroll in Part B (and premium Part A) without penalty; the special enrollment window for Part D coverage is shorter (generally about two months), so it is important to act promptly.

For employees whose employer has fewer than 20 employees, the situation is different. In these cases, Medicare becomes the primary payer at age 65, even if the individual remains covered under an employer plan. Failure to enroll at the appropriate time under these circumstances may result in coverage gaps and future penalties.

Continuation of Health Coverage (or COBRA) and retiree health plans do not qualify as employer-sponsored group health coverage for the purpose of delaying Medicare enrollment. Individuals relying on either of these should enroll during their IEP. Consulting with your employer's HR representative or benefits administrator before making any enrollment decisions is strongly advised.

Anticipated Costs of Medicare Coverage

Medicare coverage involves a range of costs to factor in:

- **Part A** (inpatient hospital coverage) is available at no premium cost to most individuals who have accumulated at least 10 years of Medicare-covered employment. However, Part A still carries deductibles and cost-sharing obligations.
- **Part B** (outpatient and physician services) requires payment of a monthly premium, the standard amount of which is adjusted annually. Individuals with higher incomes may be subject to additional charges through the income-related monthly adjustment amount (IRMAA).
- **Part D** (prescription drug coverage) premiums, deductibles and cost-sharing vary by plan and geographic region. As with Part B, higher-income enrollees may incur IRMAA surcharges.
- **Original Medicare** (Parts A and B) does not impose an annual out-of-pocket maximum, which means individuals with significant healthcare needs may face substantial unreimbursed costs.

To mitigate exposure to uncapped expenses, many enrollees supplement Original Medicare with a Medigap policy or elect Medicare Advantage (Part C), which consolidates coverage under a single plan and typically includes an annual out-of-pocket limit. Each approach carries trade-offs related to provider network flexibility, premium costs and benefit structure, making individualized plan comparison an important step in the enrollment process.

What to Do the Year Prior to Medicare Eligibility

Proactive preparation is the most effective strategy for navigating Medicare enrollment. Consider this timeline:

- **12 months before**—Review existing health coverage and assess how it will coordinate with Medicare. Employees should also consult with HR to clarify current plan rules.
- **6 months before**—Research available Medicare plan options. Compare Medicare Advantage plans and Part D formularies, double-checking for prescription needs and preferred healthcare providers.
- **3 months before**—Understand which parts of Medicare apply to your situation. Most people will enroll in Part A at 65, as it is generally premium-free for those who have worked and paid Medicare taxes for at least 10 years. Part B, however, comes with a monthly premium and is worth a closer look, especially for those who are still working and covered under an employer plan, as deferring Part B may make sense. Similarly, Part D requires careful evaluation based on current medications and whether existing coverage qualifies as creditable. You can create a personal account at [Medicare.gov](https://www.medicare.gov) to manage enrollment and access plan information.
- **At the time of enrollment**—Evaluate the choice between Original Medicare paired with a Medigap policy and Medicare Advantage. A licensed insurance professional may be able to provide a thorough comparison of available options.

Summary

Approaching Medicare eligibility is a critical stage in healthcare. The enrollment decisions made during this period have lasting implications for both coverage quality and costs.

Individuals are encouraged to begin the Medicare planning process early and seek guidance from qualified benefits professionals to make well-informed decisions with confidence. Reach out to your HR representative if you have questions about your plan's rules. For more information about Medicare, visit [Medicare.gov](https://www.medicare.gov).

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