

## CHANGING BENEFITS

# HELP OLDER EMPLOYEES NAVIGATE SHIFT TO MEDICARE

FOR MANY workers, retirement marks the first time they must make complex health coverage decisions on their own. After years of relying on employer-sponsored insurance, the transition to Medicare can feel abrupt and confusing, often leaving employees unsure of what to do next.

Employers that step in to guide workers through this transition can improve retirement outcomes, reduce benefit costs and strengthen employee trust. When older employees understand their Medicare options, they are more likely to retire on time, avoid costly mistakes and feel supported by their employer.

### The risks of not helping

Employees approaching retirement often receive little more than COBRA paperwork and general instructions. This lack of guidance can lead to employees making costly errors such as missing key enrollment deadlines.

### Costly penalties for late enrollment

Two of the most common and expensive mistakes involve late enrollment penalties that apply for the rest of an enrollee's life:

**Medicare Part B (medical insurance):** If employees do not enroll when first eligible and lack qualifying coverage, they may face a lifetime premium penalty that increases their monthly cost permanently. The penalty is 10% of the standard premium for every full 12-month period the employee was eligible but didn't enroll or have qualifying coverage.

**Medicare Part D (prescription drug coverage):** Delaying enrollment without creditable drug coverage can trigger a permanent penalty added to premiums. The penalty is 1% of the baseline premium for each month the person didn't have Part D coverage.

Also, some employees remain on employer plans longer than necessary, increasing costs for themselves and the organization.

### How Medicare works with employer coverage

Medicare decisions are not one-size-fits-all. Whether an employee should enroll at age 65 depends largely on their employment status and employer size.

Employees working for companies with 20 or more staff can often delay Part B without penalty if they remain covered under the employer's plan. Those at smaller firms may need to enroll in Medicare at 65, as Medicare typically becomes the primary payer.

Employees must also coordinate coverage if they have a spouse on the plan or contribute to a health savings account, which they must stop prior to Medicare enrollment.

### How employers can support the transition

You don't need to provide individualized advice to help your older workers. You can easily create an education strategy that will go a long way toward improving outcomes. Make sure to:

- **Start early.** Introduce Medicare basics as early as age 60, with more detailed education between ages 62 and 64.
- **Offer workshops and webinars.** Discuss enrollment deadlines, coverage options and how Medicare interacts with employer plans.
- **Provide decision-support tools.** Help employees evaluate whether to stay on the employer plan or transition to Medicare.
- **Send timely reminders.** Notify staff as they approach their initial enrollment window (three months before and after age 65).
- **Connect employees with experts.** Offer access to third-party Medicare advisers for one-on-one guidance.
- **Integrate into offboarding.** Include Medicare education in retirement planning materials and exit communications.

### Benefits to your organization

When older employees understand their Medicare options, they are more likely to retire on time and avoid costly mistakes. With proper guidance, employers can turn a confusing and stressful process into a well-managed transition that benefits everyone involved.