

Plan Ahead Regarding Your Medicare Entitlement and Eligibility - Update 2023

Understanding How Your Contribution through Social Security and Medicare Taxes During Your Lifetime affects your Medicare Health Insurance Entitlement

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How Social Security and Medicare Work

Typically, as a person works and pay taxes, Social Security "credits" are earned. Social Security keeps track of these credits. Most people need 10 years of work (40 credits) to qualify for Social Security and Medicare health insurance benefits.

Your retirement benefit amount is based on your earnings averaged over most of your working career or that of a spouse's. You will have Medicare coverage in addition to Social Security benefits if you are eligible for benefits either on your own record or through a spouse. This means you have the potential for premium-free Medicare hospital insurance (Part A) protection at age 65 and you will have the opportunity to buy Medicare medical insurance (Part B) for a monthly premium.

The Social Security Administration Update provides information for many items such as Social Security taxes and benefits. By law, some numbers change automatically each year to keep the program up to date with price and wage levels.

Why Medicare is Important

Workers that do not have sufficient credits based on their own work records (or that of an eligible spouse) face a unique situation regarding Medicare eligibility and entitlement and the cost for participating in our country's social program (Medicare).

Medicare Hospitalization (Part A) and Medical (Part B) Primary Coverage is the basis of many of today's individual and group health insurance program options. In general, most retiree health insurance plans for those age 65 and over require participation in Medicare Parts A and B. It is imperative to be enrolled. Health insurance plans for Medicare beneficiaries typically have lower premiums than plans for non-Medicare retiree plans since the Federal Medicare program covers the majority of the claim payment responsibility as the Primary Coverage or the plan may be subsidized by the Federal Medicare program.

Protective Services

If you are from **Protective Service** union and your contract arrangement was such that you did not pay Social Security taxes or FICA-Medicare taxes (or were hired after the date Medicare taxes were required) during your working years under City employment or that of another job during your lifetime you may not have sufficient credits on file with Social Security to qualify for premium-free Medicare Part A hospitalization when you turn 65.

If your spouse did not qualify on their own credit merit, they may not qualify for premium free Part A coverage, either. If your spouse is not yet entitled and eligible then you will not be able to "piggy-back" on their entitlement, either.

Work Credits

As indicated on the 2023 update, \$1,640 earns one credit. You may earn up to four credits in a year. Check with Social Security for more details. Refer to SSA Publication No. 05-10072 (How You Earn Credits).

You Can Still Participate in Medicare!

Having insufficient credits does not mean you cannot enroll in Medicare! It means it will cost you more to enroll in Medicare Part A since you did not pay Social Security taxes (at all or not enough). See Part A Premium Buy-In. Work with your local Social Security field office to understand your credit status and entitlement for Medicare, any buy-in costs or late enrollment charges. Ensure those records are accurate based on your employment history. File for corrections as necessary. Consider the value of additional employment to secure credits, if necessary, and determine if qualification exists through a spouse! The Social Security offices infrequently handle 'short of credit' situations so it is possible an inexperienced representative may indicate 'not eligible' for Medicare versus subject to the 'buy-in'. Be sure to call our office if this *misinformation* occurs. We will provide assistance.

Pay Now or Pay More Later - Long Term Consequences

Not enrolling in Medicare when you are first eligible can be a disastrous mistake unless you have Employment-Based group health plan coverage that pays first or Primary before Medicare. It can severely limit the insurance plans you have available to you which means you could become stuck in a non-Medicare group health plan (if available at age 65+) that is cost prohibitive with limited alternatives available through your former employer/union or in the general marketplace. In addition, claim payment issues can result if you do not have Medicare Part A and B properly in place for insurance claim coordination. Claims that were supposed to be paid by Medicare Part A and Part B can be denied and your financial responsibility.

If you choose to join Medicare later you may have to pay the Buy In Cost for Medicare Part A (Hospitalization) if you didn't qualify for premium-free Part A. And, in addition, you pay the Medicare Part B (Medical) premium plus a federal surcharge or Late Enrollment penalty when you join later. These penalties can compound the cost significantly.

The buy-in cost is because you didn't qualify to obtain Medicare A premium-free because you didn't pay the taxes and accumulate the necessary credits during your lifetime. The penalty is because you failed to plan your Medicare enrollment and join when you were first eligible. (This does not apply if you worked past 65 and were covered under a large group health insurance during your active employment ie. Medicare Working Aged.)

Limited Windows to Join Medicare

You can only sign up for Medicare hospital and medical insurance only during designated enrollment periods. If you do not enroll in Medicare Part B during your Initial Enrollment Period (IEP), you have another chance each year to sign up during a General Enrollment Period from January 1 through March 31. Your coverage begins the following July.

However, your monthly premium increases 10 percent for each 12-month period you were eligible for, but did not enroll in, Medicare Part B. (Special Enrollment Period for people covered under an employer group health plan based on Active Employment - is not covered, herein.) *Check with Social Security regarding Enrollment Periods & the provision of the B late enrollment penalty being eliminated at age 65 for those who originally joined prior to age 65 and were penalized due to late enrollment. (See Medicare Guide Publication No. 05-10043.)*

Note: It is your responsibility to call or visit your local Social Security office if you have questions regarding your Medicare Part A and B entitlement, eligibility and enrollment. They can be reached at 1-800-772-1213 or found on the web at SSA.gov. Please note:

This document is not intended to provide legal advice. This information is compiled for informational purposes to encourage prompt attention to Medicare Entitlement and Enrollment. Contact Social Security for information specific to your Medicare eligibility, entitlement and credits history and acquisition. Contact your local medical assistance (Medicaid) agency, social services or welfare office for more information if you are low income as additional resources are available.



Update

This update provides information about Social Security taxes, benefits, and costs for 2023. By law, some numbers change automatically each year to keep up with changes in price and wage levels.

Information for people who work

Social Security and Medicare taxes		
Social Security taxes	2022	2023
Employee/employer (each)	6.2% on earnings up to \$147,000	6.2% on earnings up to \$160,200
Self-employed *Can be offset by income tax provisions	12.4%* on earnings up to \$147,000	12.4%* on earnings up to \$160,200
Medicare taxes	2022	2023
Employee/employer (each)	1.45% on all earnings	1.45% on all earnings
Self-employed *Can be offset by income tax provisions	2.9%* on all earnings	2.9%* on all earnings
High-income earners also pay an additional 0.9% in Medicare taxes on earnings above certain amounts. Check with the Internal Revenue Service for more details.		
Work credits		
When you work, you earn credits toward Social Security benefits. The number of credits you need to be eligible for Social Security benefits depends on your age and the type of benefit for which you are applying. You can earn a maximum of four credits each year. Most people need 40 credits to qualify for retirement benefits.		
	2022	2023
	\$1,510 earns one credit	\$1,640 earns one credit

Information for people who receive Social Security benefits

Earnings limits		
Under federal law, people who receive Social Security benefits, and who have not reached full retirement age, are entitled to receive all of their benefits as long as their earnings are under the limits indicated below. For people born between 1943 and 1954, the full retirement age is 66. The full retirement age increases gradually each year until it reaches age 67 for people born in 1960 or later.		
	2022	2023
At full retirement age or older	No limit on earnings	No limit on earnings
Under full retirement age	\$19,560 For every \$2 over the limit, \$1 is withheld from benefits.	\$21,240 For every \$2 over the limit, \$1 is withheld from benefits.
In the year you reach full retirement age	\$51,960 For every \$3 over the limit, \$1 is withheld from benefits until the month you reach full retirement age.	\$56,520 For every \$3 over the limit, \$1 is withheld from benefits until the month you reach full retirement age.
Disability beneficiaries' earnings limits: If you work while you receive disability benefits, you must tell us about your earnings no matter how little you earn. You may have unlimited earnings during a trial work period of up to 9 months (not necessarily in a row) and still receive full benefits. Once you have completed your 9-month trial work period, we will determine if you are still entitled to disability benefits. You also may be eligible for other work incentives to help you make the transition back to work.		
	2022	2023
Substantial Gainful Activity (non-blind)	\$1,350 per month	\$1,470 per month
Substantial Gainful Activity (blind)	\$2,260 per month	\$2,460 per month
Trial work period month	\$970 per month	\$1,050 per month

Information for people who receive Supplemental Security Income (SSI)

Monthly federal SSI payment (maximum)		
	2022	2023
Individual	\$841	\$914
Couple	\$1,261	\$1,371
Monthly income limits		
	2022	2023
Individual whose income is only from wages	\$1,767	\$1,913
Individual whose income is not from wages	\$861	\$934
Couple whose income is only from wages	\$2,607	\$2,827
Couple whose income is not from wages	\$1,281	\$1,391

NOTE: If you have income, your monthly payment generally will be lower than the maximum federal SSI amount. Remember, you must report all of your income to us. Some states add money to the federal SSI payment. If you live in one of these states, you may qualify for a higher payment. Your income can be greater than the limits indicated and you still may qualify.

Information for people on Medicare

Most Medicare costs increase this year to keep up with the rise in health care costs.		
	2022	2023
Hospital Insurance (Part A)		
For first 60 days in a hospital, patient pays	\$1,556	\$1,600
For 61st through 90th days in a hospital, patient pays	\$389 per day	\$400
Beyond 90 days in a hospital, patient pays (for up to 60 more days)	\$778 per day	\$800
For first 20 days in a skilled nursing facility, patient pays	\$0	\$0
For 21st through 100th days in a skilled nursing facility, patient pays	\$194.50 per day	\$200
Part A Premium Buy-In: The amount of the premium you pay to buy Medicare Part A depends on the number of Social Security credits you have earned. If you have:		
40 credits	\$0	\$0
30-39 credits	\$274 per month	\$278 per month
Less than 30 credits	\$499 per month	\$506 per month
Medical Insurance (Part B)		
	2022	2023
Premium	\$170.10 per month**	\$164.90 per month**
Deductible	\$233 per year	\$226 per year
	After the patient has paid the deductible, Part B pays for 80% of covered services.	

NOTE: If you get Medicare and your income is low, your state may pay your Medicare premiums and, in some cases, your deductibles and other out-of-pocket medical expenses. Contact your local medical assistance (Medicaid) agency, social services, or welfare office for more information.

**Standard monthly premium is \$164.90. Some people with higher incomes pay higher premiums.



Securing today
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Securing today
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How You Earn Credits

SSA.gov



You qualify for Social Security benefits by earning Social Security credits when you work in a job and pay Social Security taxes.

We base Social Security credits on the amount of your earnings. We use your earnings and work history to determine your eligibility for retirement or disability benefits or your family's eligibility for survivors benefits when you die. We cannot pay benefits if you don't have enough credits.

In 2023, you receive 1 credit for each \$1,640 of earnings, up to the maximum of 4 credits per year.

Each year the amount of earnings needed for credits goes up slightly as average earnings levels increase. The credits you earn remain on your record even if you change jobs or have no earnings for a while.

Special rules for some jobs

Special rules for earning Social Security coverage apply to certain types of work.

If you are self-employed, you earn Social Security credits the same way employees do (1 credit for each \$1,640 in net earnings, but no more than 4 credits per year). Special rules apply if you have net annual earnings of less than \$400. For more information, read *If You Are Self-Employed* (Publication No. 05-10022).

If you are in the military, you earn Social Security credits the same way civilian employees do. You may also get additional earnings credits under certain conditions. For more information, read *Military Service and Social Security* (Publication No. 05-10017).

We also have special rules about how you earn credits for other kinds of work. Some of these jobs are:

- Domestic work.
- Farm work.
- Work for a nonprofit or religious organization that does not pay Social Security taxes.

Contact us if you have a question about how you earn credits in your job.

How long you must work to qualify for Social Security

The number of credits you need to be eligible for benefits depends on your age and the type of benefit.

Retirement benefits

Anyone born in 1929 or later needs 10 years of work (40 credits) to be eligible for retirement benefits.

Disability benefits

How many credits you need for disability benefits depends on how old you are when your disability began.

- If you develop a qualifying disability before age 24, you generally need 1½ years of work (6 credits) in the 3 years before your disability began.
- If you are between ages 24 through 30, you generally need credits for half of the time between age 21 and the time your disability began.
- A person with a qualifying disability at age 31 or older, generally needs at least 20 credits in the 10 years immediately before their disability began. The following table shows examples of how many credits you would need if you develop a disability at various selected ages. This table does not cover all situations.

Developed a disability at age	Credits needed	Years of work
31 through 42	20	5
44	22	5 ½
46	24	6
48	26	6 ½
50	28	7
52	30	7 ½
54	32	8
56	34	8 ½
58	36	9
60	38	9 ½
62 or older	40	10

Survivors benefits

When a person who has worked and paid Social Security taxes dies, certain members of the family may be eligible for

survivors benefits. Up to 10 years of work are required to be eligible for benefits, depending on the person's age at the time of death. Survivors of very young workers may be eligible if the deceased worker was employed for 1½ years during the 3 years before their death.

Social Security survivors benefits can be paid to:

- A surviving spouse — full benefits at full retirement age, or reduced benefits as early as age 60.
- A surviving spouse with a qualifying disability — as early as age 50.
- A surviving spouse of any age who takes care of the deceased's child. This child must be younger than age 16 or have a qualifying disability, and receive Social Security benefits.
- Surviving divorced spouses under certain conditions.
- Unmarried children younger than age 18, or up to age 19 if they attend elementary or secondary school full time. Under certain circumstances, benefits can be paid to stepchildren, grandchildren, or adopted children.
- Unmarried children age 18 or over who developed a qualifying disability before age 22 and whose condition(s) remains the same.
- Dependent parents age 62 or older.

Contact us if you need more information about your family's situation.

Medicare

The Social Security credits you earn also count toward eligibility for Medicare when you reach age 65. You may be eligible for Medicare at an earlier age if you get disability benefits for 24 months or more. Those who have permanent kidney failure or get disability benefits because of amyotrophic lateral sclerosis (Lou Gehrig's disease) do not have to wait 24 months to receive Medicare coverage. Your dependents or survivors may also be eligible for Medicare at age 65 or earlier if they have a qualifying disability. People who have permanent kidney failure and need kidney dialysis or a kidney transplant may be eligible for Medicare at any age based on a spouse's or parent's earnings as well as their own. If you would like more information about Medicare, read *Medicare* (Publication No. 05-10043).

Not every kind of work counts toward Social Security benefits

Not all employees work in jobs covered by us. Examples of some of these employees are:

- Most federal employees hired before 1984. Since January 1, 1983, all federal employees have paid the Medicare hospital insurance part of the Social Security tax. Railroad employees with more than 10 years of service.

- Employees of some state and local governments that chose not to participate in Social Security.
- Children younger than age 21 who do household chores for a parent (except a child age 18 or older who works in the parent's business).

Make sure your records are accurate

Each year, your employer sends a copy of your W-2 (Wage and Tax Statement) to us. We compare your name and Social Security number (SSN) on the W-2 with our records. Your earnings shown on the W-2 are recorded on your permanent earnings record. Your earnings record is what we use to figure whether you can get future benefits and the benefit amount.

Your name and SSN on your Social Security card must agree with the information on your employer's payroll records and W-2. Protect your future benefits by making sure both records are correct. Tell your employer if your name or SSN is incorrect on the employer's record. If your Social Security card is not correct, contact any Social Security office.

Contacting Us

The most convenient way to do business with us is to visit **www.ssa.gov** to get information and use our online services. There are several things you

can do online: apply for benefits; start or complete your request for an original or replacement *Social Security card*; get useful information; find publications; and get answers to frequently asked questions.

When you open a personal my Social Security account, you have more capabilities. You can review your *Social Security Statement*, verify your earnings, and get estimates of future benefits. You can also print a benefit verification letter, change your direct deposit information, request a replacement Medicare card, and get a replacement SSA-1099/1042S. Access to your personal *my* Social Security account may be limited for users outside the United States.

If you don't have access to the internet, we offer many automated services by telephone, 24 hours a day, 7 days a week, so you may not need to speak with a representative.

If you need to speak with someone, call us toll-free at **1-800-772-1213** or at our TTY number, **1-800-325-0778**, if you're deaf or hard of hearing. A member of our staff can answer your call from 8 a.m. to 7 p.m., Monday through Friday. We provide free interpreter services upon request. For fast access to a SSA representative, try calling early in the day (between 8 a.m. and 10 a.m. local time) or later in the day. **We are less busy later in the week (Wednesday to Friday) and later in the month.**

Notes

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How You Earn Credits

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