

Plan Ahead Regarding Your Medicare Entitlement and Eligibility - Update 2026

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

Kerry Leist, President -National Benefit Consultants, Inc.
262.201.4370 * Kleist@nbc.biz

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 or ex-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 **2026 update, \$1,890 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.