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Complete Guide

Medicare Enrollment Guide: Avoid Costly Penalties and Pick the Right Plan

Medicare choices get expensive when timing is wrong. This guide shows how Parts A, B, C, and D fit together, when you should enroll around age 65, how the Part B penalty works, how to compare Original Medicare plus Medigap against Medicare Advantage, and how to avoid HSA and drug-coverage mistakes that can cost money for years. It also covers IRMAA surcharges so higher-income households know where the premium cliffs are.

The goal is not to memorize every rule. The goal is to build a timeline, make the coverage choice in the right order, and keep evidence of employer coverage, creditable drug coverage, and enrollment dates where you can find them. Medicare rewards preparation and punishes guesswork.

1. Foundation

Medicare has four moving parts. Part A covers hospital-related care and is often premium-free if you or a spouse worked enough quarters. Part B covers outpatient and physician services and has a monthly premium. Part C, also called Medicare Advantage, is an alternative way to receive Medicare benefits through private plans that still must cover Part A and Part B services but may manage networks, referrals, and cost-sharing differently. Part D covers prescription drugs. The real enrollment job is to decide which combination fits your doctor access, travel patterns, budget, and medication list without triggering avoidable penalties.

The enrollment window around age 65 is the critical deadline. The initial enrollment period is a seven-month window that usually starts three months before the month you turn 65, includes your birthday month, and runs three months after it. If you are not covered by qualifying employer insurance, missing that window can create a permanent Part B premium penalty. The Part B penalty is generally **10% for each full 12-month period** you could have had Part B but did not sign up, and it lasts as long as you have

Part B. That is why you should not delay casually. If you have credible employer coverage through a current job and meet the rules, you may qualify for a special enrollment period later, but the burden is on you to know the coverage is creditable.

Drug coverage timing matters too. Delaying Part D without creditable drug coverage can create a late-enrollment penalty, and even a short lapse can cause future pain. If you use an HSA, be careful: once any part of Medicare starts, you can no longer contribute to the HSA, and Medicare enrollment can also be retroactive in certain cases. That means the last HSA contribution may need to happen before Medicare starts, not after you have already signed up. Finally, IRMAA surcharges can lift Part B and Part D premiums for higher-income households because Medicare looks back to modified adjusted gross income from two years earlier. A strong enrollment plan therefore needs a timeline, a coverage decision, an HSA stop date, and a look at future income levels, not just a calendar reminder for your birthday.

2. Step-by-Step System

1

Map the Medicare timeline

Write the month you turn 65, the start and end of your initial enrollment period, the date your employer coverage ends if you have it, and the date you need to stop HSA contributions. Add reminders for the three months before 65 so you are making decisions early, not during the final week. If you will delay enrollment because you still have qualifying employer coverage, keep proof of that coverage and a contact person who can verify it later. The timeline is the backbone of the entire plan.

2

Enrol in Part A and Part B correctly

If you are retiring without qualifying employer coverage, enroll on time so you do not owe a penalty later. If you are still working and covered by an employer plan that qualifies for a special enrollment period, understand whether Part A, Part B, or both should start while you remain employed. Do not assume your spouse's coverage or a retiree plan follows the same rules as current active-employer coverage. When in doubt, document the plan details and confirm them before the deadline.

3

Choose between Original Medicare and Advantage

Original Medicare paired with Part D and often Medigap usually gives broader provider choice and more predictable cost-sharing, while Medicare Advantage often offers lower premiums or extra extras in exchange for a managed network and plan rules. Decide which tradeoff fits your doctors, travel, and tolerance for referrals. If you want maximum freedom to see specialists, Original plus Medigap may fit better. If you want an all-in-one managed option and your local doctors are in-network, Advantage may be attractive. Compare the out-of-pocket maximum, provider access, drug formulary, and whether you are comfortable with plan changes each year.

4

Time your Part D or creditable drug coverage

Part D should be treated as part of the base plan, not an afterthought. If you keep employer drug coverage, make sure it is creditable so you can document the protection against penalties. If you leave employer coverage or retire, line up the Part D start date so you do not have a gap. Check formularies, pharmacies, deductibles, and preferred mail-order options because medication coverage can differ sharply from one plan to another even when the premium looks similar.

5

Stop HSA contributions before Medicare begins

The HSA rule is easy to miss and expensive to fix. Once Medicare starts, you cannot contribute to an HSA, and if you enroll in Medicare after 65 while receiving Social Security, Part A can be retroactive. That means contributions made too late may have to be corrected. If you still want to use the HSA for pre-Medicare years, set a stop date and confirm payroll will not overfund the account. For many households, this is the final month before enrollment, not the month after.

6

Check IRMAA and review every year

Medicare premiums are not static for higher-income households. IRMAA surcharges can move your Part B and Part D costs higher based on income from two years ago, so a large bonus, Roth conversion, capital gain, or business sale can raise future premiums. Keep an eye on your tax strategy and know how to request an IRMAA adjustment if a qualifying life event lowers income. Then review the plan annually because formularies, premiums, provider networks, and out-of-pocket rules all change. The best Medicare choice is the one you can actually verify each year.

3. Key Worksheets & Checklists

Use these worksheets to pin down the deadlines and compare the plan choices without relying on memory. The first card maps the enrollment period, the second card compares coverage models, and the third card tracks drug coverage, HSA rules, and income surcharges.

1. Enrollment Timeline

Birth month	Record the month and the seven-month initial enrollment period around it.
Employer coverage end date	If you are working, record the actual date active coverage ends.
Part A start	Mark the date you intend to begin Part A or confirm why you will delay.
Part B start	Mark the date you intend to begin Part B or the special enrollment trigger.
Part D / Advantage start	Record the drug coverage or Advantage start date so there is no gap.
HSA stop date	Stop contributions before Medicare begins to avoid excess contribution issues.

2. Coverage Comparison Matrix

Original Medicare	Hospital and outpatient coverage with broad provider access.
Medigap	Helps pay some of the cost-sharing that Original Medicare leaves behind.
Medicare Advantage	Private plan alternative that combines Medicare benefits and often has network rules.
Drug plan	Part D or drug coverage bundled with Advantage; compare formularies and preferred pharmacies.
Best fit	Write which structure wins on doctors, travel, premium, and out-of-pocket risk.

3. Penalty and Premium Checklist

- Confirm whether you have current employer coverage or only retiree coverage.
- Verify that drug coverage is creditable if you delay Part D.
- Note the Part B permanent penalty risk if you miss the window without creditable coverage.
- Estimate IRMAA surcharges based on modified adjusted gross income from two years earlier.
- Keep copies of benefit letters, employer proof, and enrollment confirmations.

4. Common Mistakes

Missing the initial enrollment window

This is the most expensive avoidable error because the penalty can stay with you as long as you have Part B.

Assuming employer coverage is automatically creditable

You need proof. The rules for current active employment coverage are not the same as retiree plans or COBRA.

Keeping HSA contributions going after Medicare starts

That can create excess contributions and tax cleanup work that should have been avoided with a better stop date.

Choosing Advantage or Medigap without checking doctors and medications

A cheap premium is not a win if your physicians, specialists, or prescriptions are not well covered.

5. Next Steps

Build your seven-month timeline, confirm whether you have creditable employer coverage, and choose the coverage model before the deadline gets close. If you are still working, get proof of coverage and set an HSA stop date. If you are already retiring, compare Original Medicare plus Medigap against Advantage using your doctors and prescriptions, not just premium price. Then save every confirmation number and plan letter in one place so next year's review is easy.

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