

MEDICARE REFERENDUM INFORMATION SHEET

Why would I want to pay the Medicare tax?

Medicare is a federal health insurance program for people age 65 and over, and certain disabled persons. It has two parts: Part A (Hospital Insurance) and Part B (Medical Insurance). Part A is free to anyone who has at least 40 credits. In order to get credits, you must pay the tax as a payroll deduction (or be eligible under someone else's record). In the event that you have not paid 40 credits, you may receive Part A benefits by paying a monthly premium. There is a monthly premium for anyone who chooses Part B. To find out if you have enough credits, you should check your social security statement which is mailed to your home from the Social Security Office or contact the Social Security Office.

How do I earn the 40 credits?

In the current calendar year (2005), a worker receives one credit for every \$920 he/she earns. In 2005, if you earn a total of \$3680 per year you will earn four credits. You cannot earn more than four credits in one year; therefore, it takes approximately ten years to receive your 40 quarters/credits for Medicare.

What is the cost to me?

The employee has 1.45% of their salary deducted from their paycheck for the Medicare tax.

What if I don't pay the Medicare tax?

You will not be eligible for Medicare Part A, unless you pay the monthly premium. If you choose not to pay the Medicare tax then the monthly premium for Part A is \$375 (using 2005 rates). This assumes that you will not be eligible under someone else's record. Note: if you are required to pay the premium to receive Part A coverage you will also be required to pay Part B, every month. The two premiums combined total \$453.20 per month (using 2005 rates).

What factors should I consider when making my choice?

An employee who is married may be eligible to receive Medicare benefits through a spouse's employment if the married spouse has paid at least 40 credits. However, to qualify under a spouse, you would have to be married for at least a year and still be married when eligible to receive the benefit.

Employees may also be eligible through a divorced spouse if the ex-spouse had earned at least 40 credits paid in for Medicare. The employee would have to have been married to that ex-spouse for at least 10 years and not have remarried before age 60. If they remarry before age 60, then they will become eligible for Medicare on the current spouse if the criteria in the paragraph above which addresses currently married spouses is met.

In the event of a disability, a person with at least 40 quarters/credits may become eligible to receive Medicare benefits prior to age 65 on their own record. If, however, that person does not have enough quarters/credits and only has eligibility through a spouse or an ex-spouse, they will not be eligible to receive the benefits until they reach age 65.

Employees may also be eligible to receive Medicare benefits through a deceased spouse if that spouse had earned 40 credits prior to their death and they were married to them at the time of the spouse's death. Contact a social security representative for additional information.

Where do I go for additional information?

Additional information can be found on the intranet by going to the AgCenter HRM website http://www.lsuagcenter.net/hrm/BENEFITS_ANNOUNCEMENTS.asp. Employees who wish to discuss their individual situation with a Social Security representative, should contact: Karen Jennings (Karen.Jennings@ssa.gov) or Dora Miller: 318/676-3173 (Dora.Miller@ssa.gov)

This document was created for informational purposes only and by no means does it cover all circumstances. For additional information or to ask specific questions about your record, please contact a social security representative.