How Medicare Works with Employer-Based Coverage

Make Medicare Work Coalition Webinar
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- The Chicago Community Trust
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Who We Are: Leadership

• AgeOptions
  – Area Agency on Aging (AAA) for suburban Cook County

• Health & Disability Advocates
  – Policy and advocacy group

• Progress Center for Independent Living
  – Cross-disability, non-residential – suburban Cook County
What We Do

• Gather and create practical, accessible information and materials

• Educate Medicare consumers, service providers and policymakers

• Problem solving – individual and systemic

• Provide training and technical support for professionals and volunteers

• Advocate for consumer focused laws and policies

• Target underserved groups
What We Will Cover Today

• Medicare program overview
• Medicare and retiree insurance
• Medicare and current employer coverage
• Medicare and COBRA benefits
• Helpful resources
What is Medicare?

- A federal health insurance program
- Run by the Centers for Medicare and Medicaid Services (CMS)
- Benefit decisions controlled by the U.S. Congress
- Social Security Administration (SSA) handles enrollment and eligibility
Medicare has 4 Parts – A,B,C,D

Original Medicare

- **Part A – Hospital Insurance**: hospital, skilled nursing facility, home health, hospice
- **Part B – Medical Insurance**: doctors, outpatient services, preventive services, lab tests, ambulance services, medical equipment and supplies

Provided through private companies that have contracts with Medicare

- **Part C – Medicare Advantage**
- **Part D – Prescription Drug Plans**
Who is eligible for Medicare?

• Age and work history
  – Age 65+ and eligible for benefits under either Social Security, Railroad Retirement, federal, state or local employee

• 40+ quarters of Social Security covered employment = eligible for Social Security AND
  – Part A - (premium free)
  – Part B – pay a monthly premium

• If married – may receive benefits under a spouse’s work record

• May also receive benefits under a former spouse if married at least 10 years
Others Eligible

• Persons with disabilities
  – Receiving disability benefits under Social Security or Railroad Retirement for 24 months or more

• Any age
  – End-Stage Renal Disease (ESRD)
  – Amyotrophic Lateral Sclerosis (ALS) – Lou Gehrig’s disease
Who Needs to Apply for Medicare and Who Is Automatically Enrolled

• Applying for Medicare
  – You will need to apply for Medicare if you are not yet eligible for Social Security benefits or decide to delay taking benefits past your retirement age

• Automatically enrolled
  – You will automatically be enrolled in Medicare Parts A and B if you are already receiving Social Security benefits when you become eligible for Medicare and have enough work quarters
Deciding Whether to Enroll in Medicare Part B

• Whether you need to enroll in Part B depends on the type of employer-based coverage you have and whether it will be the primary payer (pays first) or secondary.

• If Medicare is
  – primary, then you will most likely need to enroll in Part A and Part B
  – secondary, you may be able to delay enrolling in Part B
If You Decide to Delay Your Medicare Coverage…

- Make sure you have other private insurance that will be primary—always check with your plan’s benefits administrator to find out if you can delay enrolling in Part B
- Take Part A since it is premium free but….
- To delay Part B, fill out the back of your Medicare card and mail it back to SSA
- Medicare will send you a new card with only a Part A effective date
Please Read the Enclosed Material
Before Making Your Choice

If you DO want Medical Insurance, cut out your Health Insurance Card. Your coverage and your Medical Insurance premium begin on the date shown. **Throw away the rest of this form.**

If you do Not want Medical Insurance, carefully follow the instructions on the back of this form.
Back of Medicare Card

1. Carry your card with you when you are away from home.
2. Let your hospital or doctor see your card when you require hospital, medical, or health services under Medicare.
3. Your card is good wherever you live in the United States.

WARNING: Issued only for use of the named beneficiary. Intentional misuse of this card is unlawful and will make the offender liable to penalty. If found, drop in nearest U.S. Mail box.

If you have questions about Medicare, call 1-800-MEDICARE (1-800-633-4227; TTY/TDD: 1-877-486-2048) or visit us at www.medicare.gov.

I DO NOT WANT MEDICAL INSURANCE [ ] Check Here

Written Signature (or Legal Representative)
SIGN HERE

Signature by Mark (X) Must Be Witnessed

Signature of Witness
Address of Witness

If you DO NOT want Medical Insurance
1. Check the box above (top right), sign your name, and return the entire form in the enclosed envelope. Do NOT tear off the Medicare card. It would be improper to use it since you do not want Medical Insurance. You must return the form BEFORE the Medical Insurance effective date shown on the card.
2. Since you are entitled to Hospital Insurance even though you do not want Medical Insurance, we will send you a new card showing that you have Hospital Insurance only.
Part B Enrollment Periods

• **Initial Enrollment Period** - First time you are eligible for Medicare
  – 7 months (3-1-3 rule)
  – 3 months before, month of and up to 3 months after 65th birthday or 25th month of SSA disability

• **Special Enrollment Period (SEP)** - may delay enrollment in Part B if covered by a group health plan based on current employment that is primary
  – Receive an 8-month SEP to enroll in Part B once you stop working or your coverage ends

• **General Enrollment Period** – if you did not enroll in Part B when first eligible
  – January 1 – March 31 of each year
  – Part B coverage begins July 1st of the same year
  – Penalties apply (10% for each full 12-months you were eligible but did not enroll)
Medicare and Retiree Insurance
Medicare and Retiree Insurance

• Insurance offered by your former employer (or a spouse’s) once you retire

• **Medicare is always primary** and your retiree plan is secondary

• You are responsible for both Medicare’s and the retiree plan’s premiums

• Your former employer is not required to offer you the same coverage as when you were working
  – Your retiree benefits and premiums may change once you turn 65
Medicare and Retiree Insurance

• Each retiree plan is different

• Contact your plan’s benefits administrator to find out what is covered and what your out-of-pocket costs will be

• Remember - retiree insurance almost always requires you to enroll in Medicare Parts A and B since Medicare pays first and your retiree plan pays second
  – If you do not enroll in Medicare, your retiree plan may not pay anything
Consider your options and out-of-pocket costs:

– Which is more affordable and best suits your needs?
  • Medicare and your retiree plan OR
  • Medicare, a Medigap policy and a Part D plan or a Medicare Advantage plan

– Note: enrolling in Part B triggers your open enrollment period to buy a Medigap policy with guaranteed issue from any company (lasts 6 months)

– Does your retiree plan offer extra benefits not covered by Medicare?

– Are members of your family covered under your retiree plan?
If You Have Retiree Coverage and Delay Enrolling in Part B…

• You will have to pay a Part B late enrollment penalty when you finally do decide to enroll
  – 10% of the Part B premium for every full 12 months you were eligible but did not enroll
  – Penalty is for life and is not capped

• Will only be able to enroll during the Part B General Enrollment Period
  – January 1 – March 31 of each year and coverage will begin on July 1st
Medicare and Current Employer Insurance
Medicare and Employer Coverage

- Employer Group Health Plan = coverage based on your or a family member’s current employment
- Most people take Part A because it is premium-free
- Whether you need to enroll in Medicare Part B depends on
  - your age and
  - how many employees work at your company
- Each employer plan works differently
  - You should ALWAYS contact your plan’s benefits administrator to find out if you need to enroll in Medicare Part B
Medicare and Employer plans for 65+

- **Medicare is primary** and employer plan is secondary if your company has
  - Less than 20 employees
  - Will need to enroll in Medicare Parts A and B

- **Medicare is secondary** and your employer plan is primary if your company has
  - More than 20 employees
  - May be able to delay enrolling in Part B
  - Will receive an 8-month SEP to enroll in Part B when your coverage ends or you stop working – whichever happens first
Medicare and Employer Plans for People With Disabilities Under 65

- **Medicare is primary** if your
  - Company has **less than 100 employees**
  - You will need to enroll in Parts A and B to make sure you are covered

- **Medicare is secondary** if your
  - Company has **more than 100 employees**
  - May be able to delay enrolling in Part B
  - Will receive an 8-month SEP to enroll in Part B when your coverage ends or you stop working – whichever happens first
Multi-Employer Coverage

• Check with your plan’s benefits administrator to find out how many people work for your company
  – Sometimes employers with fewer employees come together and create a multiemployer plan
  – Offer the same coverage as larger companies
  – Makes a difference if Medicare is primary or secondary
If You Lose Your Job and Employer Coverage…..

• Sign up for Part B and Part D as soon as you can

• Part B - you have an 8-month special enrollment period (SEP) to enroll in Part B without penalty
  – The sooner you enroll in Part B the sooner your coverage begins
  – Enrolling in Part B also triggers your 6-month Medigap open enrollment period
  – Explore options for your dependents

• Part D- You only have 63 days to enroll in Part D plan without penalty
  – Your plan will begin the first of the month following the month you enroll
Medicare and COBRA
(Consolidated Omnibus Budget Reconciliation Act)
Medicare and COBRA

• COBRA is continued health insurance that an employer can offer you once your employer group health plan ends

• Employers with 20 or more employees are usually required to offer COBRA

• Your contribution may be higher than before

• Whether you can have Medicare and COBRA coverage depends on which one you qualified for first

• COBRA always pays second to Medicare
Medicare and COBRA

• COBRA coverage is always secondary to Medicare and so you should enroll in Parts A and B
  – Note COBRA IS creditable coverage for Part D so you may be able to delay enrollment in Part D if COBRA drug coverage is creditable

• You will have to pay a Part B late enrollment penalty if you decide to delay enrolling in Medicare because you had COBRA

• Rules are different for people with ESRD
Medicare First, Then COBRA

- If you have Medicare first and then are offered COBRA, you can enroll in COBRA

- **Medicare is primary** and COBRA is secondary
  - COBRA may act like a Medigap policy and fill in the gaps not covered by Medicare

- Keep your Medicare coverage. You will not receive a special enrollment period to enroll in Part B once your COBRA coverage ends
Consider Your Options and Circumstances

– Is buying a Medigap policy and enrolling in Part D plan more affordable?

– Does COBRA offer extra benefits like dental or vision?

– Do you have family members covered under your COBRA plan?
COBRA First, Then Medicare

• You will have 8 months to enroll in Medicare Part B once your Employer Group Health Plan ends.

• You should enroll in Medicare because:
  – COBRA coverage usually ends when you become eligible for Medicare
  – You do not receive an SEP to enroll in Part B when your COBRA ends

• Enroll in Medicare when your Group Health Plan ends and not when COBRA ends
COBRA first, then Medicare – continued

• COBRA may not realize right away you are eligible for Medicare but did not enroll and continue to cover you

• COBRA plan can come back and recoup any payments made on your behalf because Medicare should have been primary
Medicare Part D and Other Insurance
Part D and Retiree Insurance

• If retiree plan offers prescription drug coverage make sure it is creditable
  – Ask your plan for a “notice of creditable coverage”

• You will have 63 days to enroll in a Part D plan if your retiree prescription drug benefits come to an end
  – Will not have a penalty as long as you enroll in a Part D plan within 63 days of losing your coverage
Part D and Retiree Insurance

• Check with your plan’s benefits administrator to find out if it offers drug coverage

• Do not enroll in Medicare Part D plan without checking with your retiree plan first
  – In most cases, enrolling in a Medicare Part D plan will cause you to lose ALL your retiree plan health benefits
  – You may not be able to get them back
Part D and Employer Coverage

• Check with your employer plan’s benefit administrator to see if it offers drug coverage

• Make sure it is creditable and ask for a “notice of creditable coverage”

• You have **63 days** to enroll in a Part D plan without penalty once your employer plan ends
  
  – Remember this is different than the 8 months you have to enroll in Part B!
Part D and COBRA

• Unlike Part B, COBRA is considered **creditable** coverage under Medicare Part D

• Can delay enrolling in Part D if your COBRA includes prescription drug coverage and it is creditable

• You have **63 days** to enroll into a Part D plan once your COBRA coverage ends

• Will not have to pay a Part D late enrollment penalty
Summary and Useful Tips

• Remember each plan is different!!
  – Always contact the plan’s benefits administrator to find out how the plan works with Medicare and whether you need to enroll in Part B

• Contact Social Security to confirm plan’s guidance on whether you need to enroll in Part B
  – TIP: It is easier to ask Social Security to reconsider a late enrollment penalty if misinformation was provided to you by a federal agency

• Keep detailed notes and documentation if possible when contacting your plan and Social Security
Equitable Relief

• Equitable Relief may allow retroactive enrollment into Part B and the elimination of a Part B late enrollment penalty if you erroneously fail to enroll in Part B because of misinformation provided to you by a federal government employee or agent

  – Always a good idea to review and confirm Medicare enrollment questions with Social Security before making a decision

  – Keep detailed notes with the SSA representative you speak with that includes names, dates, times and conversation details
Useful Online Resources

• Medicare and Other Health Benefits: Your Guide to Who Pays First

• Medicare and COBRA
  – http://www.ssa.gov/disabilityresearch/wi/medicare.htm#cobra

• Department of Labor – COBRA FAQs

• MMW Coalition Toolkit: How Medicare Works with Employer-Based Health insurance
Make Medicare Work Coalition Website

Please visit our website at http://www.ageoptions.org/services-and-programs_makemedicarework.html to...

– access our materials on Medicare, Medicaid, and the Affordable Care Act

– sign up for our e-mail list to receive registration information for our webinars, trainings, and meetings and to receive our alerts, bulletins, and other healthcare related materials

– view our Calendar of Events