



# **Medicare and Employer-Based Coverage – The Basics**

# 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 Disability Insurance (SSDI) or Railroad Retirement for 24 months or more
- Any age
  - End-Stage Renal Disease (ESRD)
  - Amyotrophic Lateral Sclerosis (ALS) – Lou Gehrig's disease

# Applying for Medicare vs. Being Automatically Enrolled

- Automatically enrolled
  - You will automatically be enrolled in Medicare Parts A and B when you turn 65 or on your 25<sup>th</sup> month of disability if you are already receiving Social Security benefits when you become eligible for Medicare and have enough work quarters
- Applying for Medicare
  - You will need to apply for Medicare if you are not yet collecting Social Security benefits when you turn 65 or decide to delay taking your benefits past your retirement age

# 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 Part B**
- Take Part A since it is premium free *but....*
- To delay Part B if you were auto-enrolled, 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

# Front of Medicare Card

**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.



**1-800-MEDICARE (1-800-633-4227)**

NAME OF BENEFICIARY

**JANE DOE**

MEDICARE CLAIM NUMBER

**000-00-0000-A**

SEX

**FEMALE**

IS ENTITLED TO

**HOSPITAL (PART A)  
MEDICAL (PART B)**

EFFECTIVE DATE

**07-01-1986  
07-01-1986**

SIGN  
HERE

**DO NOT SEND CLAIMS FOR PAYMENT OF  
MEDICARE BENEFITS TO THIS (↓) ADDRESS**

Form CMS-40 (01/2002)



# 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.



Centers for Medicare & Medicaid Services  
Baltimore, MD 21244-1850  
Form CMS-1958 (01/2002)

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](http://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 65<sup>th</sup> birthday or 25<sup>th</sup> 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 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, 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, Medigap and a Part D plan **or** 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 1<sup>st</sup>

# 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

# Medicare and Employer Coverage

- 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
- Confirm the information with the Social Security Administration

# 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
  - 20 or more employees
  - May be able to delay enrolling in Part B
  - Will receive an 8-month SEP to enroll in Part B anytime while you are still working or when your coverage ends – 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 **100 or more 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
  - Whether Medicare is primary or secondary depends on how many people work at your company and not how many are enrolled in the health plan
  - 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
- COBRA **always** pays second to Medicare



# Medicare and COBRA

- Medicare is always primary to COBRA coverage
- You should enroll in Part B if eligible
- 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
- **Note** COBRA IS creditable coverage for Part D

# Medicare First, Then COBRA

- If you have Medicare first and then are offered COBRA, you can enroll in COBRA
- Keep your Medicare coverage. **Medicare is primary** and COBRA is secondary
  - COBRA may act like a Medigap policy and fill in the gaps not covered by Medicare

# 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

- If you are new to Medicare, you should enroll in Medicare Part B during your initial enrollment period.
- **You should enroll in Medicare** because:
  - COBRA coverage usually ends when you become eligible for Medicare
  - If you wait to enroll after your initial enrollment period, you **do not** get 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 many 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
  - Social Security may reconsider a late enrollment penalty or let you enroll outside of an enrollment period if misinformation was provided to you by a federal agency
- Keep detailed notes and documentation if possible when contacting your plan and Social Security

# Medicare for Individuals Under Age 65 and Working



# Will Medicare Continue When You Get a Job?

- If you are under age 65, Medicare will continue as long as you receive a Social Security Disability Insurance (SSDI) check
- If your SSDI benefit checks stop, individuals under age 65 who work, will continue to receive at least 93 consecutive months of Medicare after the Trial Work Period
  - Must continue to have a disability during the 93 months

# Medicare Part A and Part B Costs When You Begin Working

- After the 93 months of extended Medicare ends, you have an option to purchase it if you still have a disability
- You will be responsible for Medicare premium costs once extended Medicare ends

# How Medicare Works If Your Job Offers Private Insurance

- Check with your benefits administrator to find out if Medicare is primary or secondary
- Remember, if you are under 65, the number of employees working at your company is different than if 65 and older
  - Must be **100 or more employees** for Medicare to be secondary. If less than 100, then Medicare is primary

# Medicare Part A and Part B Costs When You Begin Working

- Medicare costs can vary depending on income or eligibility for other programs such as Medicare and Medicare Savings Programs
- Costs may increase by introducing employment income
- Some increased costs can be avoided by careful planning



# Useful Online Resources

- Medicare and Other Health Benefits: Your Guide to Who Pays First
  - <http://www.medicare.gov/publications/pubs/pdf/02179.pdf>
- Medicare Part D for People Who have Drug Coverage Through an Employer and Union:
  - <http://www.medicare.gov/publications/pubs/pdf/11107.pdf>
- Medicare and COBRA
  - <http://www.ssa.gov/disabilityresearch/wi/medicare.htm#cobra>
- Department of Labor – COBRA FAQs
  - <http://www.dol.gov/ebsa/faqs/faq-consumer-cobra.html>