

# THE BEACON



## Employee Education Edition - March 2015

### Medicare Overview

One of our readers asked us to explain Medicare and how it works with their school health insurance coverage. This issue of the Beacon will address that question and provide our readers with a basic overview of the federal Medicare system as it relates to individuals over the age of 65.

#### What is Medicare?

- Medicare is government sponsored health insurance for people who are age 65 or older, or people under 65 with certain disabilities.

#### When do I become eligible for Medicare?

- There are multiple qualifying events for Medicare, but we have found that for our school employees, the most common qualifying event occurs if you are age 65 and not actively working.

#### Where and when can I sign up?

- You can enroll in Medicare at your local Social Security office or online.
- When turning 65 and not actively working, you have a 7 month window for your initial enrollment period which begins 3 months before you turn 65.
- If you are actively working at age 65, you can decline Parts A B coverage, and upon retirement you have an 8 month special enrollment period to enroll in Parts A and B.

#### Is Medicare the same as Medicaid?

- No. Medicare is a federal program, whereas Medicaid is a program administered by each individual state to provide hospital and medical coverage for low income individuals and families, as well as children who meet certain qualifications (such as a disability) regardless of income levels.

#### DID YOU KNOW...

**Failure to enroll in Medicare Part B during your initial open enrollment or special enrollment period could cause a lapse in coverage and a monetary penalty for late enrollment**

### Medicare Options

#### What Medicare options do I have to cover my health expenses?

You have 2 choices: (1) a combination of Medicare Part A, Part B, Part D together with a Medigap Policy; and (2) Medicare Part C.

#### How do the two Medicare options work to provide me healthcare coverage?

##### Option 1

- Part A covers hospital care, skilled nursing facility care, nursing home care (as long as it is not custodial care), home health services, and hospice care.
- Part B covers medical services like doctor visits, outpatient care, home health care, durable medical equipment and some preventive services that Part A does not cover.
- Part D covers prescription drugs.
- Medigap coverage can be purchased which is a supplemental policy sold by private companies to fill in the gaps where you do not have sufficient coverage under Medicare.

##### Option 2

- Part C, commonly known as Medicare Advantage Plans, is a combination of Parts A, B, and D coverage managed by private insurance companies approved by Medicare. To be eligible for Part C, you must be enrolled in Parts A and B.
- If you purchase Medicare Part C, you cannot purchase a Medigap policy.

#### What are the costs associated with the various Medicare options?

- Under the first option:
  - Part A does not have any cost at this time;
  - Part B will have a cost based upon your income;
  - Part D's cost will be determined by the Part D plan that you choose; and
  - The Medigap cost will be determined by the Medigap policy that you choose.
- Under the second option, Part C will require a monthly premium based upon the particular plan that you choose and your Part B applicable premium.

## Medicare and Employer Coverage

### What happens if I'm still working at age 65?

- If you continue to actively work and are eligible to receive healthcare coverage through the school's group health plan when you reach age 65, then by law, your school plan will be your primary health plan.

### If I'm working at age 65 and my school health plan pays first, do I still need to sign up for Medicare when I turn 65?

- Before you turn 65, Medicare will contact you offering the option to enroll in Part A and B during your initial enrollment period (a 7 month window which begins 3 months before you turn 65). Since you are still actively working, you do not have to enroll in either Part because your employer's group health plan has primary responsibility for your current health care coverage.

### If I work past the age of 65, when should I enroll in Medicare?

- If you wait until you retire, you should sign up as soon as you are no longer working. You will have an 8 month special enrollment period to sign up which starts the month after your employment ends.

### When does my spouse have to sign up for Medicare if he/she is covered by my school's group medical plan?

- As long as you are actively working, your spouse will be covered under your school plan. The same enrollment options stated above will apply to your spouse.

### Do I need to sign up for Medicare at age 65 if I am on COBRA, or if my school has offered me the opportunity to stay on the school group health plan beyond age 65?

- Yes. You will have a 7 month initial enrollment period that begins 3 months before your 65th birthday. If you do not sign up for coverage during this period, your enrollment rights are lost. You will only be allowed to sign up for Medicare during the next open enrollment period (January—March each year for coverage effective July 1 of whatever year you sign up)..

### Do you have a question or concern?

If there is a question or topic you would like to see addressed in a newsletter, contact the Reschini Group at [beacon@reschini.com](mailto:beacon@reschini.com) with "Newsletter Question" in the subject line and we can address the question or topic in a future edition.

### What happens if I'm not working and do not sign up for Medicare during my initial enrollment period at age 65?

- There is the potential for a lapse in coverage. If you fail to enroll during your initial enrollment period, you will not be allowed to sign up until the next open enrollment period which runs from January—March of each year with an effective date of July 1.
- The failure to enroll in Medicare Part B during your initial enrollment period will also result in a higher monthly premium for Part B for as long as you are on Medicare.

### Does my spouse need to sign up for Medicare at age 65 if I am retired and my school health insurance coverage extends beyond age 65?

- Yes. Your spouse must sign up for Medicare as soon as they become eligible, so he/she should sign up during his/her initial enrollment period which begins 3 months before he/she reaches age 65.
- If your spouse does not sign up, there is a potential for a lapse in coverage and a late enrollment penalty as stated above.

### Additional Resources

#### Medicare Websites

<http://www.medicare.gov>

<http://www.socialsecurity.gov>

<http://www.medicareinteractive.org>

#### PSERS

<http://www.psers.state.pa.us/retired/healthinsurance>