

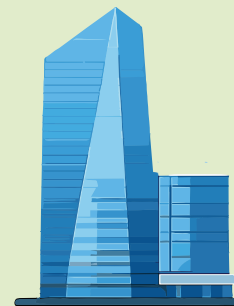
MAKING SENSE OF MEDICARE

As more employees work beyond traditional retirement age, employers need to understand the compliance considerations that come with a Medicare-eligible workforce. Knowing how Medicare interacts with an employer-sponsored health plan can help avoid costly missteps.

Individuals age 65 and older and those with a qualifying disability or medical condition can enroll in Medicare. This population also may be automatically enrolled in Medicare Part A and Part B depending on circumstances.

MEDICARE PRIMARY PAYER RULES

Primary payer rules are based on employer size and whether the active employee is enrolled in Medicare due to age, a disability or end-stage renal disease (ESRD).



FEWER THAN 20 EMPLOYEES			20-99 EMPLOYEES			100+ EMPLOYEES		
Age-based Medicare coverage Medicare is primary, employer coverage is secondary	Disability-based Medicare coverage Medicare is primary, employer coverage is secondary	ESRD-based Medicare coverage Employer coverage is primary for the first 30 months after diagnosis, Medicare becomes primary after 30 months	Age-based Medicare coverage Employer coverage is primary, Medicare is secondary	Disability-based Medicare coverage Medicare is primary, employer coverage is secondary	ESRD-based Medicare coverage Employer coverage is primary for the first 30 months after diagnosis, Medicare becomes primary after 30 months	Age-based Medicare coverage Employer coverage is primary, Medicare is secondary	Disability-based Medicare coverage Employer coverage is primary, Medicare is secondary	ESRD-based Medicare coverage Employer coverage is primary for the first 30 months after diagnosis, Medicare becomes primary after 30 months

+ If an individual is eligible for Medicare due to age but not enrolled, it is possible the insurer will pay a claim as though Medicare was the primary payer. In this instance, employer coverage is secondary and the unpaid balance is the employee's responsibility.

OTHER NEED-TO-KNOW COMPONENTS

- Employers are prohibited from offering incentives to entice Medicare-eligible employees to waive group health plan coverage. Violations are subject to a \$5,000 penalty per occurrence, adjusted for inflation.
- Employees enrolled in Medicare are not eligible to make health savings account (HSA) contributions.
- Employers with 19 or fewer employees may offer tax-advantaged Medicare Premium Reimbursement Arrangements if IRS conditions are met. These accounts allow employers to reimburse enrolled employees for out-of-pocket Medicare premiums.
- When employment or group health coverage ends, individuals are generally eligible for an 8-month Medicare Special Enrollment Period.
- Special rules define the relationship between COBRA and Medicare coverage. Medicare is primary in almost all Medicare-COBRA situations. Because COBRA is not considered creditable coverage for Medicare enrollment purposes, a delay in Medicare coverage could result in late enrollment penalties. Federal law allows, but doesn't require, COBRA to terminate early if the beneficiary becomes entitled to Medicare after electing COBRA. It's important to know the employer plan rules. If you qualify for Medicare due to ESRD, COBRA can be primary for the first 30 months.
- Those diagnosed with ALS are eligible for Medicare immediately upon receiving SSDI benefits, bypassing the 24-month waiting period.

KEY TERMS

Eligible	+	Enrolled	=	Entitled
An individual meets the federal requirement to qualify for coverage. The most common condition to meet Medicare eligibility is turning age 65.		An individual has signed up for Medicare.		An individual has met eligibility requisites, completed enrollment, and has active Medicare coverage.

Partnering with the right employee benefits advisor goes beyond picking the best plans. For guidance on Medicare coordination, connect with a benefits consultant today.

This is not a comprehensive guide to Medicare rules and should not be considered legal guidance.