

## **MEDICARE IS THE FEDERAL PROGRAM THAT MOST RETIRED AMERICANS AGE 65 OR OLDER USE AS THEIR PRIMARY MEDICAL INSURANCE.**

Medicare can also cover younger people who qualify due to disability or permanent kidney failure.

**Active UC employees who are covered by medical insurance through their UC employment are not required to enroll in Medicare; nor are their covered dependents.** However, here are some considerations for those employees (or their dependents) who turn 65 or otherwise become eligible for Medicare prior to retirement:

### **Medicare Part A**

If Part A is free to you, why not enroll?

Medicare Part A, the part of Medicare that pays for medical facility fees, is free for most people at age 65. Enrollment in Part A can make getting Part B easier at retirement. If you are hospitalized, Part A could potentially pay secondarily to UC coverage through active employment. Contact Medicare for more information about secondary coverage through Parts A, B and/or D.

### **Medicare Part B**

Medicare Part B: The part of Medicare that pays for physicians' fees and outpatient medical care, costs at least \$109/month. The standard premium for those new to Medicare in 2019 is \$135.50/month. However, Part B costs [more if you are high income](#). Most active employees forgo enrollment in Part B at age 65 because of its cost.

- Employees who enroll in Part B while still working are usually not subject to late enrollment penalties as long as they have maintained continuous medical coverage through active UC employment from age 65 on. If you decide to forgo Part B when you are first eligible, confirm your ability to avoid late enrollment penalties with Social Security. Employees and their legal spouses are usually allowed to enroll in Part B at any time while continuously covered by medical insurance through active employment (or, immediately upon termination of employment or retirement).
- If you have an HMO primary to Part B, know that if you self-refer to Medicare providers outside your primary medical group, Medicare is not likely to pay. However, Part B can pay secondarily for Medicare-covered services that you receive through your primary medical group so that you may be able to avoid paying copayments. Contact Medicare for more information about secondary coverage through Parts A, B and/or D.
- If you have a PPO or the Core Medical plan primary to Part B: Part B can potentially pay secondarily for Medicare-covered services. Contact Medicare for more information about secondary coverage through Parts A, B and/or D.

### **Did you know?**

Eligibility for Medicare Parts A & B is determined by the Social Security Administration.

### **Medicare Part D**

Check with Social Security regarding your ability to delay enrollment in Medicare Parts B & D without penalty.

Medicare Part D: The component of Medicare that pays for drugs from outpatient pharmacies, is relatively inexpensive but most UC employees forgo Part D until retirement because most of UC's medical plans provide adequate prescription drug coverage.

- UC employees who enroll in Part D while still working (or immediately upon retirement) should not be subject to late enrollment penalties as long as they have maintained continuous "creditable" coverage through active employment from age 65 on. Check with Social Security for details regarding your ability to delay enrollment in Part D without penalty.
- [Creditable drug coverage under UC health plans](#)
- [Higher income enrollees may pay extra premiums for Part D](#)

## **IN A NUTSHELL:**

- Most UC employees forgo enrollment in Medicare Parts B & D until they retire.
- Active UC employees who receive medical coverage through their employment are not required to enroll in Medicare.
- If Medicare Part A is free to you, why not enroll?
- Consider carefully whether Medicare Part B is worth your money; if you decide to delay enrollment, verify with Social Security that you won't have late enrollment penalties to pay when you enroll at retirement.

### **Medicare as the Secondary Payer**

Medicare generally pays secondarily to medical insurance through active UC employment.

#### **Exceptions:**

- Medicare is primary for an active employee's domestic partner (not legal spouse)
- Medicare becomes primary after 30 months for beneficiaries who are diagnosed with permanent kidney failure.

If you are still working for UC and you have Medicare, be sure to show both your UC health insurance ID card and your Medicare card when you get medical care—and don't forget to say that Medicare is secondary because you are still working.

### **Special note for those with the UC Health Savings Plan**

- The UC Health Savings Plan, a PPO medical insurance plan, features a Health Savings Account (HSA) that makes the plan incompatible with Medicare.
- To avoid penalty taxes, employees should take care not to contribute (or over-contribute) to their HSA after they become eligible for Medicare. To discuss the matter with Health Equity, call 1-866-212-4729. You should also be sure to change medical plans for the following year during Open Enrollment.
- Employees who delay enrollment in Medicare Part A: when you eventually enroll in Part A, you may be enrolled in Part A retroactively up to six months; this can retroactively compromise your ability to legally contribute to your HSA. Know that if you elect Social Security income, you will also be automatically enrolled in Part A.

### **Special note for active employees enrolled in Kaiser Permanente who decide to enroll in Parts A & B of Medicare:**

- Kaiser members who are enrolled in Parts A & B for whom Medicare is secondary can assign their Medicare benefits to Kaiser using a form; in return, Kaiser will waive medical and pharmacy copayments, provide enhanced hearing aid coverage and an eyewear allowance, and provide chiropractic coverage. For more information about the Kaiser Permanente Senior Advantage Medicare Secondary Payer plan, please contact the Health Care Facilitator Program.
- Alternately, Kaiser members who are enrolled in Medicare Parts A & B for whom Medicare is secondary who do not assign their Medicare benefits to Kaiser may be able to use Parts A & B to cover their copayments. Contact Medicare for more information about secondary coverage through Parts A, B and/or D.

### **If you are 65 or older, but you will not qualify for UC retiree health coverage:**

If you will not work for UC long enough to qualify for UC retiree health coverage, or if you decide to take a lump sum cashout instead of a monthly pension at retirement: Upon retirement, you will likely need to rely on Medicare with supplemental coverage like Medigap or Medicare Advantage. Take the time to discuss with Social Security your ability to delay enrollment in (or cancel and re-enroll in) Part B without adversely affecting your premiums or ability to enroll in supplemental plans.

### **If you also have retiree medical coverage from a non-UC former employer:**

That employer may require you to enroll in Medicare when first eligible, regardless of your coverage through UC as an active employee. Check with your other employer's benefits office to determine their rules regarding Medicare enrollment. If you have UC employee medical insurance, Medicare, and retiree coverage from another employer: expect UC insurance to be primary, Medicare to be secondary, and the non-UC retiree insurance to be tertiary.