

# Medicare Q&A

## Medicare and Current Employer Benefits

### **Q: I work for a small employer. Do I need Medicare?**

**A:** If you work for a small employer with fewer than 20 employees (fewer than 100 employees if you are under 65 and disabled) and become eligible for Medicare, you should take Medicare. This is because Medicare will be your primary insurance once you become eligible. If you do not take Medicare, it will be as if you do not have any coverage.

If you are part of a high-deductible health plan and have a Health Savings Account (HSA) to pay for medical expenses, you can no longer contribute to your HSA if you enroll in Medicare Part A and/or B. You may, however, continue withdrawing money from your HSA after you enroll in Medicare to pay medical expenses.

### **Q: I work for a large employer. Do I need Medicare?**

**A:** If you are currently working at a company with 20 or more employees (100 employees or more if you are under 65 and disabled), then you can wait to sign up for Part B. This is because your employer insurance will still be your primary payer. You will be given a Special Enrollment Period (SEP) to enroll in Part B without penalty while you're still working and for up to eight months after you retire or lose your current employer coverage. It's important to enroll early so you do not have any periods of time without coverage.

### **Q: I'm self-employed. Do I need Medicare?**

**A:** If you are self-employed and have an individual policy, then you should take Medicare. Keep in mind that if you have dependents that are being covered by your individual policy that are not eligible for Medicare, dropping your policy may affect their benefits.

If you are self-employed and have insurance through a group health plan, then whether you need Medicare depends on the size of your group health plan. If your insurance is through a group health plan with 20 or more employees (100 employees or more if you are disabled), then you can wait to sign up for Part B because this insurance is primary to Medicare.

If your insurance is through a group health plan with fewer than 20 employees (fewer than 100 employees if you are disabled), then this insurance is secondary to Medicare. In this situation, you should not wait to sign up for Medicare because if you do not take Medicare it will be as if you have no insurance at all.

If you are in a group health plan that is part of a multi-employer plan or association, such as the National Association for the Self-Employed, that offers group health plans to its members,

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then the size of the largest employer within the multi-employer plan determines whether that insurance is primary or secondary to Medicare.

**Q: Can I drop Medicare if I go back to work?**

**A:** As long as you are currently working you can drop Medicare. However, if there are fewer than 20 employees within your company, Medicare will still be your primary insurer and you should not drop it. In this case, not having Medicare is like having no coverage at all.

**Q: What happens if I drop my employer insurance?**

**A:** If you choose to drop your current employer insurance and you already have Medicare, Medicare will become your primary insurance. If you do not have Medicare and drop your employer insurance, enroll in Part B before your employer coverage ends to avoid any gaps in your coverage.

**Q: When is my employer insurance primary?**

**A:** If you are 65 or older, your employer insurance is primary (pays first) if it is from your or your spouse's current job at a company with 20 or more employees.

If you qualify for Medicare because of a disability and have insurance through your employer or a spouse or family member's employer, your employer insurance is primary if the company has 100 or more employees.

**Q: When is Medicare primary?**

**A:** Medicare is primary if you have COBRA or retiree insurance. Medicare is also primary if you are 65 or older and there are fewer than 20 employees (fewer than 100 employees if you are receiving SSDI) at the company where you currently work.

**Q: How will my employer-based coverage change when I turn 65?**

**A:** If you are still working when you turn 65, your employer insurance may look the same but function differently. If you work at a company with fewer than 20 employees, your employer insurance will become secondary and Medicare becomes your primary insurance, whether you are enrolled in it or not.

If Medicare is primary and you do not sign up for it, it is as if you do not have any insurance. If you work at a company with 20 or more employees (100 or more employees if you are under 65 receiving SSDI), then your employer insurance is primary and you can delay enrolling in Medicare.

If you are retired, your retiree insurance will be secondary to Medicare.

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**Q: I have a high income. Will my Medicare premiums cost more?**

**A:** If you are a single person with an annual income above \$85,000 (\$170,000 for a married couple), you must pay a higher monthly Part B premium than the standard amount. If you have a Part D plan, you will also pay more than the plan's standard premium.

**Q: I have drug coverage from an employer. Do I need a Part D prescription drug plan?**

**A:** If you have drug coverage from an employer or union, and it is creditable drug coverage, you do not have to enroll in Part D when you first become eligible for Medicare. Creditable drug coverage is drug coverage that is at least as good as a basic Part D prescription drug plan.

If you have creditable drug coverage from an employer or union, you have a Special Enrollment Period to enroll in Part D later without a penalty if you lose that coverage or decide to drop it. You can use this Special Enrollment Period to enroll in a Part D plan at any time while you have drug coverage from your employer or union and for up to two months after you lose coverage. You should get a letter from your current drug plan every year stating that the drug plan is creditable.

It's important to know that for Medicare purposes, the term "creditable" only applies to drug coverage, not health coverage. Having creditable coverage does not give someone a Special Enrollment Period to enroll in Part B. Having current employer insurance is the only way to get a Part B Special Enrollment Period.

**Q: Can I have drug coverage from both my employer and Part D?**

**A:** It depends. Some employer plans work with Part D while others do not. It is important to talk to your employer to find out whether your drug plan works with Medicare Part D. In some cases, if you sign up for a Part D prescription drug plan and it does not work with your employer-based plan, you and your dependents may lose your employer-based health and drug coverage.



AgeOptions on behalf of the Make Medicare Work Coalition



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# Welcome to the Medicare Rights Center

The Medicare Rights Center is a national, nonprofit consumer service organization that works to ensure access to affordable health care for older adults and people with disabilities through counseling and advocacy, educational programs and public policy initiatives.

Since 1989, we've been helping people with Medicare understand their rights and benefits, navigate the Medicare system and secure the quality health care they deserve. We're the largest and most reliable independent source of Medicare information and assistance in the United States.

## What Drives Us



## What is the Medicare Rights Center? What do others think about us?

- What we do

*"Thank you so much for responding to my letter. And in one paragraph*

Our offices are located in New York City and Washington, D.C., and through our multilingual helpline, online resources, large volunteer network and community programs, we work with people with Medicare no matter where they're located.

+ Who we help

+ What are we working towards



Mr. J, Indiana

*you answered every question that neither my pharmacist nor doctor could tell me... I have about two major surgeries left and then hopefully can get back into some semblance of my former life....when that happens... I will remember all the help I have received from the Medicare Rights Center."*



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## OUR MISSION

The Medicare Rights Center is a national, nonprofit consumer service organization that works to ensure access to affordable health care for older adults and people with disabilities through counseling and advocacy, educational programs and public policy initiatives.

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## Meet the Team

### Joe Baker President



Joe Baker has served as President of the Medicare Rights Center since June 2009. Mr. Baker is a member of The National Quality Forum's Dual Eligible Beneficiaries Workgroup and recently completed two terms as a member of the Institute of Medicine's Board on Health Care Services and the U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services' Advisory Panel on Outreach and Education. He is an adjunct professor at the New York University School of Law, where he taught a class on implementation of the Affordable Care Act.

Previously, he was the deputy secretary for health and human services in New York State under Governor David A. Paterson, where he was instrumental in developing Medicaid reforms and a proposal to extend health coverage to younger New Yorkers. Mr. Baker served as assistant deputy secretary for health and human services under Governor Eliot Spitzer, after having directed the Health Care Bureau under Spitzer when he was attorney general of New York. Mr. Baker was executive vice president of Medicare Rights from 1994 to 2001, and prior to that was associate director of legal services for Gay Men's Health Crisis. Mr. Baker graduated from the University of Virginia's School of Law.