

# Medicare and Group Coverage

Clarke and Company Benefits

June 30, 2021



CLARKE & COMPANY  
BENEFITS LLC

# What is Original Medicare?

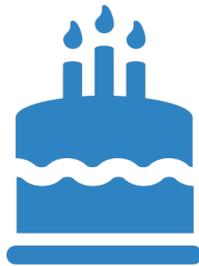
- ▶ What Part A covers...
  - ▶ Inpatient care in a hospital
  - ▶ Skilled nursing facility care
  - ▶ Hospice care
  - ▶ Home health care
- ▶ What Part B covers...
  - ▶ Medically necessary services (doctors visits)
  - ▶ Preventive services

# What are my coverage options?

| ORIGINAL MEDICARE   | ADD TO ORIGINAL MEDICARE COVERAGE BY CHOOSING ONE OF THESE OPTIONS   |   |
|---|--|---|
| <p data-bbox="208 668 357 829"><b>PART A</b><br/>Hospital</p> <p data-bbox="227 949 330 1032">+</p> <p data-bbox="208 1086 357 1248"><b>PART B</b><br/>Medical</p>  | <b>OPTION 1</b><br>You can add one or more of these plans to Original Medicare   |   |
|   | <p data-bbox="446 636 1045 729"><b>PRESCRIPTION DRUG PLANS</b></p> <p data-bbox="446 751 658 953"><b>PART D</b></p> <ul data-bbox="678 772 1045 936" style="list-style-type: none"><li>■ Covers prescription drugs</li><li>■ Must have Medicare Part A <u>OR</u> Part B to enroll</li><li>■ Offered by private companies</li></ul> | <p data-bbox="1083 636 1541 729"><b>MEDIGAP OR COST PLANS</b></p> <ul data-bbox="1083 751 1541 951" style="list-style-type: none"><li>■ Helps pay for deductibles, copays and other costs Medicare doesn't pay</li><li>■ Must have Medicare Part A <u>AND</u> Part B to enroll</li><li>■ Offered by private companies</li></ul> |
| <b>OPTION 2</b>   |  |   |
| <p data-bbox="446 1022 1541 1072"><b>MEDICARE ADVANTAGE PLANS</b></p> <p data-bbox="446 1093 658 1310"><b>PART C</b></p> <ul data-bbox="678 1108 1541 1296" style="list-style-type: none"><li>■ Joins Medicare Parts A and B</li><li>■ Most include drug coverage (Part D)</li><li>■ Usually have lower deductibles and copays than Medicare</li><li>■ Often include additional benefits</li><li>■ Must have Medicare Part A <u>AND</u> Part B to enroll</li><li>■ Offered by private companies</li></ul> |  |   |

# What happens when I turn 65?

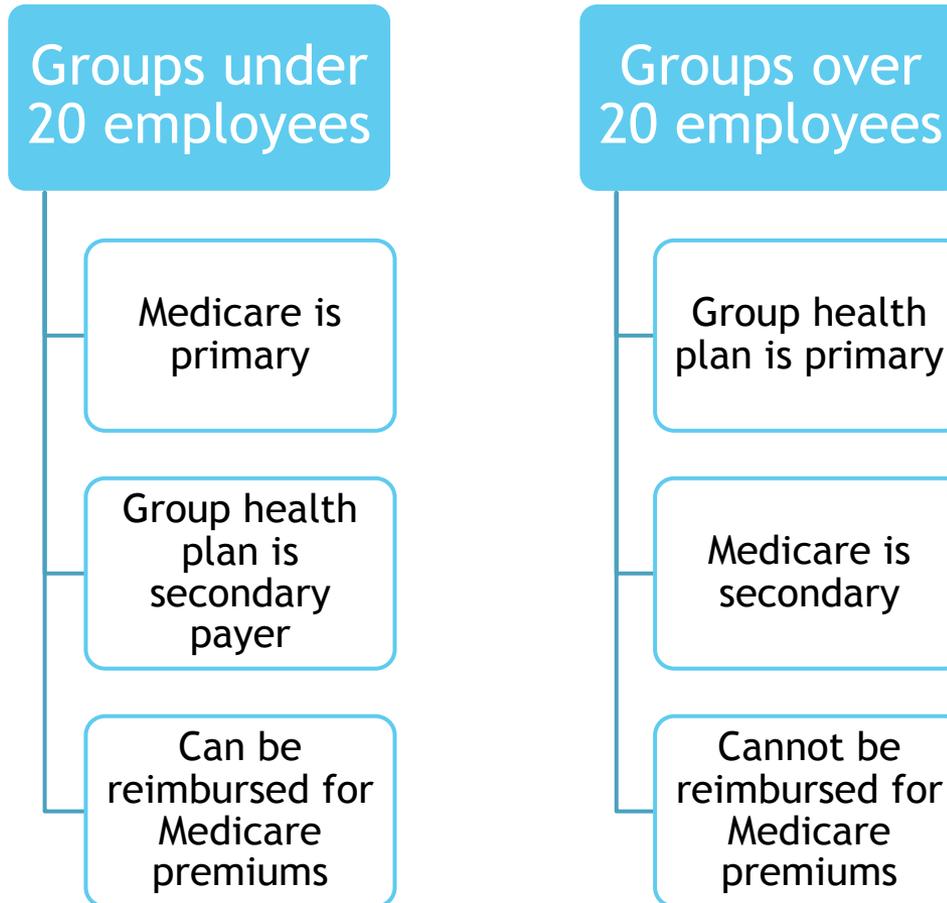
- ▶ Will you get enrolled automatically?
  - ▶ If you are drawing Social Security, you will automatically be enrolled in Part A and Part B
  - ▶ You can decline Part B at that point if you plan on still being covered under group plan
- ▶ Do I have to enroll in Part A or Part B?
  - ▶ You are not required to enroll in either
  - ▶ You can enroll in Part A without enrolling in Part B

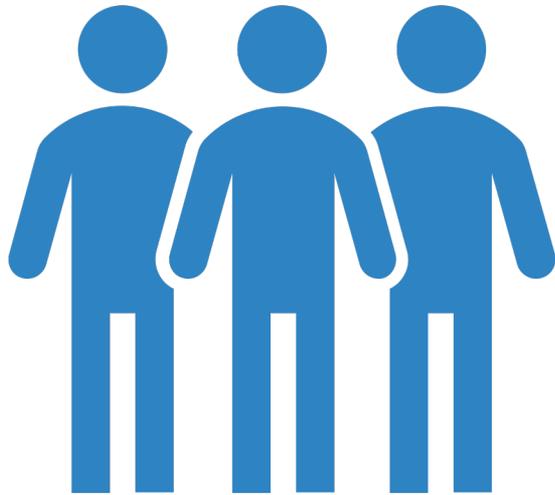


# What are my options while still working when turning 65?

- ▶ Can enroll in Part A and Part B, Part A only, or do nothing
- ▶ If you enroll in Part A, it may help cover hospitalization costs after your group plan pays
- ▶ What if I have a HDHP?
  - ▶ Cannot contribute to HSA if enrolled in Part A or B
  - ▶ Can use HSA to pay for Part A, B, or D premiums, but not Medicare Supplement premiums

# How does Medicare coordinate with group coverage?





# Small Groups Under 20 Employees

Have a special exception that means they are not required to offer the group plan coverage to Medicare-eligible employees

A premium reimbursement arrangement for Medicare Part B or D may be integrated for satisfying ACA's market reforms

# Groups Over 20 Employees

- ▶ Due to primary payer status, the group health plan must provide a current employee (or the employee's spouse) with the same benefits, under the same conditions, that are available to employees under 65.
- ▶ Employer cannot offer financial or other incentive for a Medicare-entitled individual not to enroll in the group health plan.



# How does your plan design affect your Medicare options?

- ▶ Preferred Provider Organization (PPOs) Plans
  - ▶ You can have Medicare Part A and your group plan
  - ▶ You can still contribute to your FSA
- ▶ High Deductible Health Plans (HDHPs)
  - ▶ If you are enrolled in Part A or B you cannot contribute to your HSA, but you can still use it for paying for medical expenses
  - ▶ You cannot decline Part A if you are already drawing Social Security benefits



# When is it an advantage to switch to Medicare?

- ▶ Maximum out of pocket and financial risk can be lower
  - ▶ If you go with a Medicare Supplement Plan G and Part D plan, you would only be responsible for Part B deductible and cost of medications
  - ▶ If you go with a Medicare Advantage, copays and out of pocket maximum can be lower group coverage
- ▶ On Medicare Supplement plan, would have access to largest network in the nation on Original Medicare
- ▶ Medicare Advantage plans can include dental and vision coverage

# When is it an advantage to stay on group plan?

- ▶ Will not be affected by IRMAA (Income Related Monthly Adjustment Amount) if you have a higher income
- ▶ Employee only monthly costs may be lower on group coverage
- ▶ Would be able to maintain group coverage for spouse and/or children
- ▶ Premiums through group can be paid for pre-tax through cafeteria plan
- ▶ Can still contribute to HSA

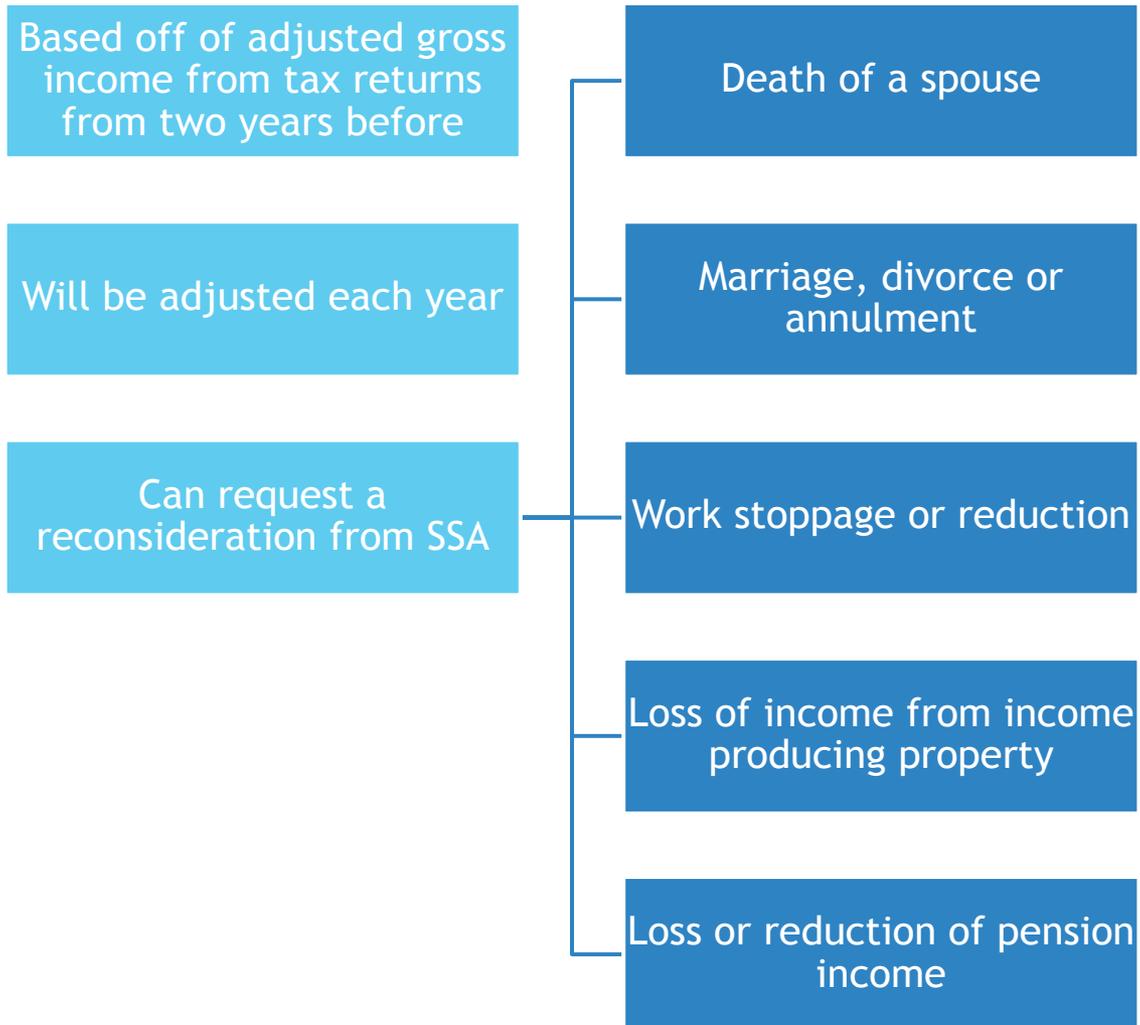


# What does IRMAA mean for you?

## IRMAA or Income Related Monthly Adjustment Amount

| If your yearly income in 2019 (for what you pay in 2021) was |   |  | You pay each month (in 2021) |
|--|---|--|------------------------------|
| File individual tax return                                   | File joint tax return                   | File married & separate tax return     |                              |
| \$88,000 or less   | \$176,000 or less                       | \$88,000 or less                       | \$148.50                     |
| above \$88,000 up to \$111,000                               | above \$176,000 up to \$222,000         | Not applicable                         | \$207.90                     |
| above \$111,000 up to \$138,000                              | above \$222,000 up to \$276,000         | Not applicable                         | \$297.00                     |
| above \$138,000 up to \$165,000                              | above \$276,000 up to \$330,000         | Not applicable                         | \$386.10                     |
| above \$165,000 and less than \$500,000                      | above \$330,000 and less than \$750,000 | above \$88,000 and less than \$412,000 | \$475.20                     |
| \$500,000 or above   | \$750,000 and above                     | \$412,000 and above                    | \$504.90                     |

# What does IRMAA mean for you?



# What happens when you stay on group coverage, but retire later?

- ▶ As long as the group plan is a qualified health plan, you and your spouse would be eligible for a Special Enrollment Period
  - ▶ Enrollment period lasts for 63 days after loss of group coverage
  - ▶ Would not have to pay a late enrollment penalty for Parts A or B
  - ▶ Any pre-existing conditions would be covered from the start of the new Medicare policy



# What kind of impact can older employees have on group plans?

- ▶ Older employees typically have higher health and drug claims
- ▶ Higher claims can drive up rate increases at group renewals

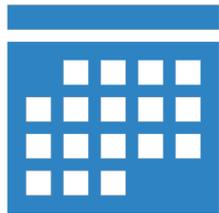


# Can an employer pay for an employee's Medicare premiums?

- ▶ Employers cannot offer a financial or other incentive for an employee who is entitled to Medicare to switch
- ▶ Companies can only reimburse employees for Medicare premiums if they have fewer than 20 employees and comply with ACA integration rules
- ▶ As of 2020, could set up individual coverage HRA for reimbursement, subject to certain conditions

# Social Security Disability and Group Coverage

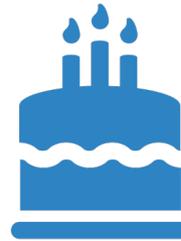
- ▶ Once you are on Social Security Disability for 24 months, you are eligible for Medicare on the 25<sup>th</sup> month
- ▶ Medicare would be secondary payer if you have both
- ▶ A large group employer cannot treat any of its plan members differently because they are disabled and have Medicare



# What to do when you turn 65?

- ▶ Call us

- ▶ We will look at your options and help you decide what is best, whether it be staying on group plan or getting on Medicare
- ▶ We can help beginning up to 3 months before you turn 65





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simplesurance  
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