

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...

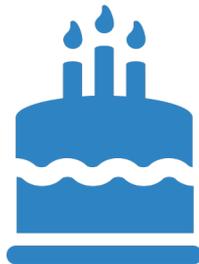
- ▶ Medically necessary services (doctors visits)
- ▶ Preventive services

What are my coverage options?

ORIGINAL MEDICARE	ADD TO ORIGINAL MEDICARE COVERAGE BY CHOOSING ONE OF THESE OPTIONS	
<p data-bbox="208 664 357 829">PART A Hospital</p> <p data-bbox="227 949 332 1035">+</p> <p data-bbox="208 1086 357 1252">PART B Medical</p>	OPTION 1 You can add one or more of these plans to Original Medicare	
	<p data-bbox="446 629 1064 743">PRESCRIPTION DRUG PLANS</p> <p data-bbox="446 743 1064 968">PART D</p> <ul data-bbox="678 772 1025 936" style="list-style-type: none">■ Covers prescription drugs■ Must have Medicare Part A <u>OR</u> Part B to enroll■ Offered by private companies	<p data-bbox="1097 629 1564 743">MEDIGAP OR COST PLANS</p> <ul data-bbox="1097 743 1528 951" style="list-style-type: none">■ Helps pay for deductibles, copays and other costs Medicare doesn't pay■ Must have Medicare Part A <u>AND</u> Part B to enroll■ Offered by private companies
OPTION 2		
<p data-bbox="446 1015 1564 1086">MEDICARE ADVANTAGE PLANS</p> <p data-bbox="446 1086 1564 1336">PART C</p> <ul data-bbox="678 1108 1421 1300" style="list-style-type: none">■ Joins Medicare Parts A and B■ Most include drug coverage (Part D)■ Usually have lower deductibles and copays than Medicare■ Often include additional benefits■ Must have Medicare Part A <u>AND</u> Part B to enroll■ Offered by private companies		

What happens when I turn 65?

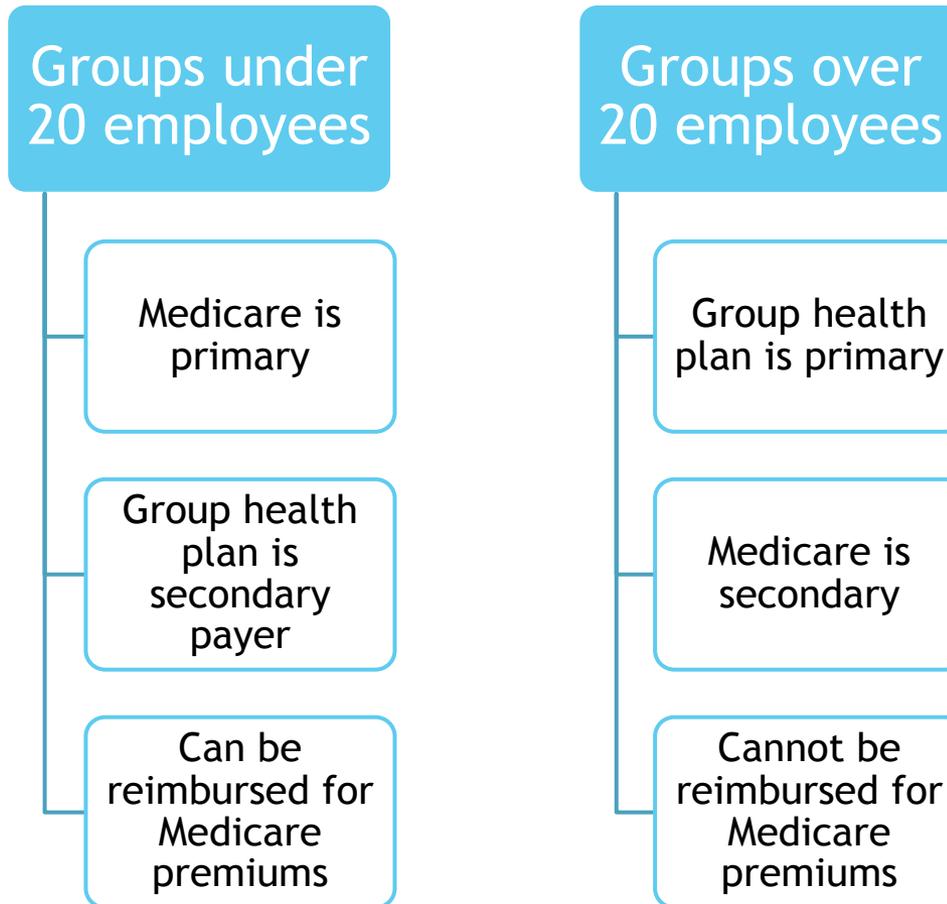
- ▶ Will you get enrolled automatically?
 - ▶ If you are drawing Social Security, you will automatically be enrolled in Part A and Part B
 - ▶ You can decline Part B at that point if you plan on still being covered under group plan
- ▶ Do I have to enroll in Part A or Part B?
 - ▶ You are not required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

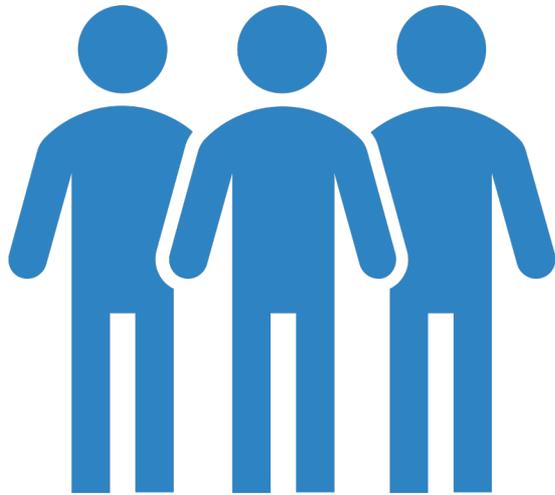


What are my options while still working when turning 65?

- ▶ 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

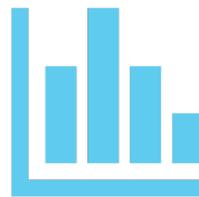
Groups Over 20 Employees

- ▶ 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

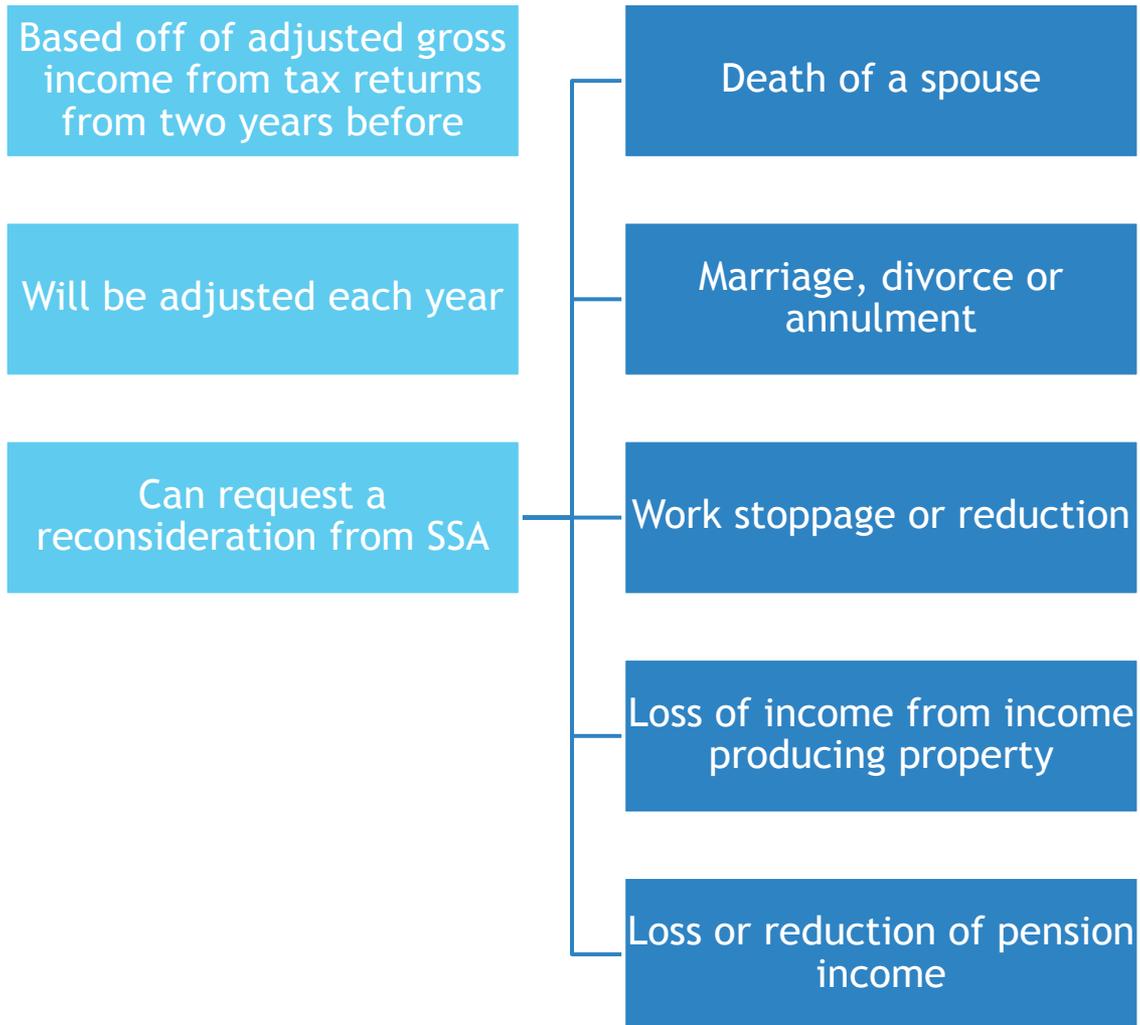


What does IRMAA mean for you?

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

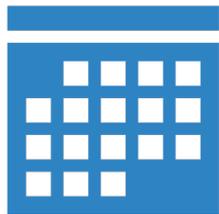


Can an employer pay for an employee's Medicare premiums?

- ▶ 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

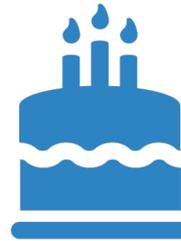
- ▶ Once you are on Social Security Disability for 24 months, you are eligible for Medicare on the 25th month
- ▶ Medicare would be secondary payer if you have both
- ▶ A large group employer cannot treat any of its plan members differently because they are disabled and have Medicare



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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