

# Medicare FAQs

## EMPLOYERS

### When can employees enroll in Medicare Part A and Part B?

#### Initial Enrollment

Employees can enroll in Medicare Part A and Part B three months before, the month of, or 3 months after their 65<sup>th</sup> birthday. Medicare Part A and B will be effective the first day of their birthday month if they enroll the 3 months prior to their birthday month. If they enroll during their birthday month or the 3-month period after, their enrollment in Medicare Part A and Part B may be delayed.

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|--|--|---|---|--|---|---|
| 3<br>months<br>before the<br>month<br>employee<br>turns 65 | 2<br>months<br>before the<br>month<br>employee<br>turns 65 | 1<br>month<br>before the<br>month<br>employee<br>turns 65 | The month<br>employee<br>turns<br><b>65</b> | 1<br>month<br>after the<br>month<br>employee<br>turns 65 | 2<br>months<br>after the<br>month<br>employee<br>turns 65 | 3<br>months<br>after the<br>month<br>employee<br>turns 65 |
|--|--|---|---|--|---|---|

#### General Enrollment

If your employees missed the deadline to sign up during their initial enrollment period they can sign up during annual General Enrollment (January through March, effective July 1), but it will likely cost them more in monthly premium.

#### Special Enrollment Period – Employees age 65 & older

Employees 65 and older can enroll anytime they're covered by a group health plan or during an eight-month period that begins the month after their employment ends or coverage ends, whichever happens first. COBRA, retiree, and individual health plan coverage do not count as employer coverage for the special enrollment period because these plans aren't based on current employment.



### Guidelines for employees working past age 65

Employees who have medical coverage through their employer or their spouse's employer and didn't enroll in Medicare Part A (if they had to buy it) or Part B during their initial enrollment period, can choose to delay their enrollment in Medicare without an enrollment penalty only if their employer has 20 or more employees. If the employer has less than 20 employees, the employee will most likely receive a late enrollment penalty.

#### Coverage NOT based on current employment:

COBRA, Retiree Coverage, VA Coverage and Individual health coverage (i.e., through the Health Insurance Marketplace).



### Determining if your group has 20 or more employees

The 20-or-more employee requirement is met if the employer employed 20 or more employees for each working day in each of 20 or more calendar weeks in the current or preceding year. The 20 weeks do not have to be consecutive. Full and part-time employees must be included under the Working Aged rules. The requirement is based on the number of employees, not the number of people covered under the plan.

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## Proof of medical coverage working past age 65

When your employees enroll in Medicare during their Special Enrollment Period, they will need to provide proof of medical coverage through an employer with 20 or more employees to avoid paying a late enrollment penalty for Medicare part A (if they have to buy it) and Medicare Part B.

If an employee wants to enroll in Medicare Part A and Part B during their Special Enrollment Period, they can enroll at [ssa.org](https://ssa.org). Social Security will contact the employee regarding their effective date for Premium Free Medicare Part A. The employee will still need to provide the forms listed below to complete enrollment in Medicare Part B.

If an employee is enrolled in Medicare Part A and they



want to enroll in Part B, the employee needs to complete form [CMS-40B](#), Application for Enrollment in Medicare – Part B (medical insurance) and because the employee is applying for Medicare Part B due to a loss of employment or group health coverage, the employer and employee will

also need to complete form [CMS-L564](#), Request for Employment Information. Detailed enrollment instructions are available at [ssa.org](https://ssa.org).

**Please note:** If an employee enrolls during their Special Enrollment period, premium free Medicare part A coverage begins six months before the month they apply for Medicare Part A or social security benefits, but not earlier than the month they turn age 65.



## Where do employees enroll for Medicare Part A and Part B?

They enroll online at [ssa.gov](https://ssa.gov).

## What does Medicare Part A cost?



Most people don't pay a monthly premium for Part A (sometimes called "premium-free Part A") if they or their spouse paid Medicare taxes while working for 40 quarters or more. There is a cost if Medicare taxes were not paid while working for 40 quarters or more. Medicare Part A costs are available at [www.medicare.gov](https://www.medicare.gov).

## What does Medicare Part B cost?



It is based on the employee's Modified adjusted gross income reported on their IRS tax return from two years ago. If the employee's Modified adjusted gross income is above a certain amount they may pay an Income Related Monthly Adjustment Amount (IRMAA). This is an extra charge added to their Medicare Part B premium. The Medicare Part B premium changes every January 1<sup>st</sup>. Medicare Part B costs are available at [www.medicare.gov](https://www.medicare.gov).

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## Penalties

### Medicare Part A



If an employee isn't eligible for premium-free Part A, and did not purchase Part A when eligible, their premium may go up 10% for twice the number of years they could have had Part A.

### Medicare Part B



If an employee was eligible and didn't qualify for the Special Enrollment Period or missed the Special Enrollment Period; 10% is added to the premium for each full 12-month period they were eligible and did not enroll. They may pay a penalty for as long as they have Part B.

### Medicare Part D



All of PEHP's group health plans have Creditable Prescription Drug Coverage, which is pharmacy coverage that's expected to pay on average at least as much as Medicare's standard prescription drug coverage.

If an employee has a break in creditable prescription drug coverage of 63 days or more, they may have to pay a 1% monthly penalty for each month they were eligible but did not enroll.

## Medicare and Qualified High Deductible Plans with a Health Savings Account (HSA)

If an employee is enrolled in Medicare and has a HSA in their name, they're not eligible to receive or deposit money in their HSA. Employees that are enrolled in Medicare and a qualified High Deductible Health Plan can continue to be enrolled in the medical coverage. Money that was deposited in their HSA prior to Medicare enrollment can still be used for eligible expenses. HSA funds can also be used to pay for Medicare Parts A, B, C or D premiums but not for supplement plans.

To avoid a tax penalty, employees should stop receiving and depositing money in their HSA at least six months before they apply for Medicare. Premium-free Medicare Part A coverage begins six months before the month the employee applies for Medicare Part A or social security benefits, but not earlier than the month your employee turns age 65.

## PEHP Medicare Supplement



Did you know that Medicare doesn't pay for everything? Make sure your employees are covered with a PEHP Supplemental Plan.

PEHP offers supplemental plans to help pay for dental, vision, pharmacy and Medicare-eligible expenses.

To learn more, visit [www.pehp.org/medsup](http://www.pehp.org/medsup).