

# SBCERS

Santa Barbara County Employees' Retirement System

[www.sbcers.org](http://www.sbcers.org)

## Medicare & Employer-Sponsored Insurance FAQ

**Question:** I am (or my covered dependent is) going to be turning 65 soon and eligible for Medicare but I have Employer-sponsored Health Insurance; what do I need to know and what do I do?

**Answer:** Retirees who become eligible for Medicare have some choices to make regarding their County, Court or Firefighter ("Employer-sponsored") health insurance coverage. (Note to retired firefighters on Union plans- only the retiree's Medicare enrollment causes rate changes.) Choosing whether or not to enroll or being ineligible for Medicare, may have an effect on your County insurance premiums. You should also consult the "Important Facts You Need to Know" and other information in your most recent "Guide to County/Court Health Plans and Open Enrollment" book for additional information about Medicare and your Employer-sponsored insurance.

**Question:** What insurance does Medicare offer?

**Answer:** There are many Medicare insurance offerings. Medicare offers parts A (Hospital coverage) and B (Medical coverage). If you enroll in Parts A and B, you can generally enroll in a private Part D (Prescription drug) plan. A Medicare alternative to having original Medicare (Parts A and B) is to enroll in a private or group Part C (Advantage) plan, which provides your original Medicare (Parts A and B) plus your prescription (Part D) coverage and other insurance benefits. You can also enroll in a private Medigap or Supplemental plan (such as Parts F, G, K, L, M and N).

**Question:** Where can I get help understanding Medicare and determining what plan(s) best suit my needs and budget?

**Answer:** There are many resources for help with understanding Medicare and finding plans. Medicare's website [www.medicare.gov](http://www.medicare.gov) can be very helpful. There are also agencies, such as HICAP (Health Insurance Counseling and Advocacy Program) who counsel seniors about Medicare and explain the various plans, as well as the County's Health Advocacy group, CareCounsel available to retirees.

**Question:** As a SBCERS retiree, what are my choices for insurance once I turn 65?

**Answer:** If you choose to enroll in Medicare, you will have choices regarding your former employer's group health insurance. Please consult the Action Plan at the end of this FAQ publication once you've made your decisions about your health insurance, to learn what actions will be needed from you and the timing in terms of your Employer-sponsored health insurance.

### **Choice 1: Enroll in Medicare or do not enroll in Medicare:**

While you are *not required* to enroll in Medicare, you need to be aware that *if you do not enroll when you are first eligible* (within Medicare's 7-month Initial Enrollment Period) *you may pay a higher premium that includes a penalty for late enrollment* if you enroll

later during Medicare's General Enrollment Periods or Special Enrollment Periods. Medicare does have an annual open enrollment period.

*Note: The Initial Enrollment Period (IEP) is the 7-month period that begins 3 months before the month you turn 65, includes the month you turn 65, and ends 3 months after the month you turn 65.*

You should also be aware that if you participate in a HDHP you will no longer be able to contribute to the HSA once enrolled in any part of Medicare. If you want to continue in HDHP and continue to contribute to the HSA you must decline all Medicare and must be proactive in declining even Part A in writing more than 90 days prior to your 65<sup>th</sup> birth month as sometimes you're automatically enrolled without your knowledge. In most cases, Retirees who are receiving Social Security benefits automatically receive a packet from Medicare up to 3 months prior to their 65<sup>th</sup> birthday. That packet will contain information, an Initial Enrollment Questionnaire and the Medicare Identification card (aka: "red, white and blue card") that reflects enrollment in both Part A & Part B effective the 1<sup>st</sup> of the month in which you turned 65<sup>th</sup>. You must fill out and return Medicare's questionnaire when you receive it if you do want to participate in Medicare, to make sure your medical bills get paid correctly and on time. You need to sign the Medicare ID card then make your decision regarding keeping or dropping your Employer-sponsored Health Insurance.

Note: If you do *not* receive this packet and you *do* want to enroll in Medicare, call Social Security at 800-772-1213 or visit the Medicare website ([www.medicare.gov](http://www.medicare.gov)). It is best to do this about three months prior to your 65<sup>th</sup> birth month.

### **Choice 2: Keep or Drop Employer-sponsored Insurance:**

As an SBCERS retiree, you may continue to use the Employer-sponsored health insurance while you are enrolled in Medicare. You will be eligible for a coordination of benefit and a decrease in the premium for your Employer-sponsored Medical insurance, but *only* if you enroll in *both* parts A and B of Medicare, *and* you report the Medicare to SBCERS. You will also be eligible to change to a different Employer-sponsored medical plan (such as a Medicare Advantage type of plan).

It is IMPORTANT to contact SBCERS three (3) months before effective date of Medicare A&B, to discuss options and timing. When you have your Medicare A & B card in hand, you will be asked to supply a copy of the signed Medicare card and complete an Insurance Change form indicating your election regarding your Employer-sponsored insurance. Effective date of your SBCERS change will vary depending on changes made and date of form/card receipt. We cannot process insurance changes retroactively.

**Question: What happens when I choose to keep the Employer-sponsored medical insurance and want the coordination of benefit?**

**Answer:** You are responsible for the timely completion and submission of a Subscriber Change Request form for SBCERS. You will need to report the changes to your medical providers. Medicare will now be your primary insurance, and your Employer-sponsored medical plan will be secondary. Providers will bill Medicare and in turn, Medicare will coordinate with your Employer-sponsored plan for secondary payment after Medicare pays claims.

**Question: Will I need to enroll in and pay for Medicare Part D (Prescription Drug Plan)?**

**Answer:** You should be aware that your Employer-sponsored medical insurance plan offers two prescription drug plan (PDP) options from which you may choose as a Medicare-enrolled retiree, provided you are notifying SBCERS the specified deadline, usually at least 60-90 days before your initial Medicare A and B effective date. There is no separate premium to pay to Medicare for Part D or for the Employer-sponsored Medicare PDP. In fact, your Medicare PDP premium might be less than the non-Medicare prescription plan. Coverage in either of these plans is considered by Medicare to be “creditable”. Creditable means that the benefits are as good as or better than Medicare standards. Having creditable coverage also means that, should you drop your Employer-sponsored Medical (and the included prescription coverage) at some point in the future and join a private Medicare D plan, you should not be penalized for a “late enrollment”.

**Question: Can I enroll in more than Medicare Part D plans at a time?**

**Answer:** Medicare does not allow a Medicare enrollee (aka “beneficiary”) to be enrolled in more than one Medicare Part D (prescription drug) plan at a time. If you do enroll in a second prescription plan, you may be dropped from the first plan which could jeopardize your medical insurance participation.

**Question: Will I still get the insurance subsidy if I keep my Employer-sponsored insurance?**

**Answer:** Yes. You will receive the insurance subsidy as long as you are enrolled in Employer-sponsored insurance and your former employer is still providing the benefit to retirees.

**Question: What if I no longer want the Employer-sponsored medical insurance?**

**Answer:** You may cancel your Employer-sponsored medical insurance any month. The cancellation will be effective the 1<sup>st</sup> of the month following SBCERS’ receipt of your change form as long as it is received by the 15<sup>th</sup> of a month. You must be aware that you will not be eligible to continue dental or vision insurance if you are participating in either when you cancel your medical. You are responsible for the timely completion and submission of an insurance change forms to SBCERS to cancel each insurance plan. Note that SBCERS Retirees<sup>1</sup> are permitted to re-enroll (or enroll) in the future during Open Enrollment. You may participate in all insurance offerings in the future if you drop or decline all insurance plans. If however, you drop or decline dental insurance while you are participating in a Medical insurance plan, you are not permitted to enroll in dental insurance in the future.

**Question: Do I still get the insurance subsidy if I drop my Employer-sponsored insurance?**

**Answer:** No; the subsidy can only be applied to premiums for Employer-sponsored insurance. However, upon processing your cancellation request, SBCERS will automatically enroll you in the alternate Health benefit program, the “Health Reimbursement Arrangement” (HRA) if it is still offered by the Employer Plan Sponsor at the time of your cancellation. Review your Open Enrollment Guide for additional information about your HRA benefit.

If you cancel your Employer-sponsored insurance, you should consider shopping for a Medicare D plan, a private Medicare Supplemental plan to compliment your Medicare, or a private Medicare Advantage Plan as well as private dental and/or vision insurance if you need them. Contact the HICAP (Health Insurance Counseling and Advocacy Program)

office (800-434-0222) or your State Department of Insurance to obtain free assistance in finding appropriate plans.

**Question:** What is the “Medicare Claim Number” on my card?

**Answer:** The Medicare Claim Number is also known as a Medicare Number or Health Insurance Claim Number (HICN). The primary function of the HICN is to identify you (the beneficiary) and your claims. It helps in the processing of Medicare claims. The number is between seven and 11 digits long and may be different than the beneficiary’s Social Security number. There are two parts to the number. One part, the claim account number, reflects the policy number of the person who has earned the Medicare benefits -- typically either yourself or your spouse. The other part, the beneficiary identification code, identifies your current relationship to the wage earner. This number is typically two digits--one letter and one number. For example, the A in the claim number below denotes that the claim account number belongs to the primary wage earner, a B suffix denotes an aged wife, first claimant and a D suffix denotes an aged widow, first claimant.

MEDICARE		HEALTH INSURANCE	
1-800-MEDICARE (1-800-633-4227)			
NAME OF BENEFICIARY			
<b>JANE DOE</b>			
MEDICARE CLAIM NUMBER		SEX	
<b>000-00-0000-A</b>		<b>FEMALE</b>	
IS ENTITLED TO		EFFECTIVE DATE	
<b>HOSPITAL</b>	<b>(PART A)</b>	<b>07-01-1986</b>	
<b>MEDICAL</b>	<b>(PART B)</b>	<b>07-01-1986</b>	
SIGN HERE → <i>Jane Doe</i>			

## ACTION PLAN for SBCERS Retiree turning 65

**Note: Begin 90 days prior to your 65<sup>th</sup> birth month.**

**A:** *All retirees- Not enrolling in Medicare: You don't need to do anything for SBCERS unless you are age 65 and in a Kaiser plan, or*

**B1:** *County & Court Retirees- Enrolling in Medicare A&B and no longer want County Medical insurance:*

- ✓ Complete and submit applicable forms to SBCERS for cancellation of ALL County Insurances.
- ✓ SBCERS will automatically enroll you in the HRA program, or

**B2:** *Firefighter Retirees with Union Insurance (applies only to retiree, not dependents)- Enrolling in Medicare A&B and no longer want Firefighter/County Medical insurance:*

- ✓ Complete and submit applicable form to Benefit Service Center and SBCERS for cancellation of ALL Firefighter and County Insurance. If not enrolled in any County plan, **notify SBCERS of your Union insurance cancellation – or – your premiums will still be deducted.**
- ✓ SBCERS will automatically enroll you in the HRA program, or

**C1:** *County & Court Retirees- Enrolling in Medicare A&B and want to continue County Medical insurance:*

- ✓ Complete and submit Change Form to SBCERS for County Medical plan to reflect coordination of benefit with Medicare A&B and trigger premium reduction. Do this at least 60-90 days in advance of the effective date of your Medicare, or as soon as possible, and
- ✓ Provide copy of your signed Medicare A&B Card along with the appropriate Enrollment/Change form to SBCERS, and
- ✓ Supply both cards to providers at the point of service, so they know that Medicare is now the Primary payer and your Employer-sponsored insurance is the secondary payer. See your Open Enrollment Guide for information about the Coordination of Benefit that will occur between your Employer-sponsored insurance carrier and Medicare, or visit Medicare's website [www.medicare.gov](http://www.medicare.gov).

**C2:** *Firefighter Retirees with Union Insurance- Retiree (only) enrolling in Medicare A&B and want to continue Firefighter/County Medical insurance at reduced premium insurance:*

- ✓ Complete and submit applicable form to Benefit Service Center for firefighter Union Medical plan to reflect coordination of benefit with Medicare and trigger premium reduction. Do this at least 60-90 days in advance of the effective date of your Medicare, or as soon as possible, and
- ✓ Provide copy of your signed Medicare A&B Card along with the appropriate Enrollment/Change form to Benefit Service Center, and
- ✓ **Notify SBCERS of your Union insurance changes – or – your premiums will not be changed or deducted correctly,** and
- ✓ Supply both cards to providers at the point of service, so they know that Medicare is now the Primary payer and your Employer-sponsored insurance is the secondary payer. See your Open Enrollment Guide for information about the Coordination of Benefit that will occur between your Employer-sponsored insurance carrier and Medicare, or visit Medicare's website [www.medicare.gov](http://www.medicare.gov).

<sup>1</sup> Retirees who participate in the Firefighters' Union insurance may not re-enroll in the Union insurance after dropping or declining it, however they may enroll in the County-sponsored plans under the mid-year or Open Enrollment rules.