

SENIORITY

BENEFIT GROUP

MEDICARE BASICS FOR HR PROFESSIONALS



Introduction

There are few topics more important to human resources professionals - and the employees they serve - than healthcare. Originally launched back in the 1960s, Medicare is more than just a single-payer, national insurance program spearheaded by the United States government - it's something that provides lifesaving and critical services to over 55 million people as of 2015. It's also an admittedly complicated topic, which is why helping your employees understand Medicare should always be a top priority.

The Parts of Medicare: Explained

- [Medicare coverage](#) is separated into four main parts - A, B, C and D.
- Part A is designed to cover things like inpatient hospital stays, which can include things like food and testing.

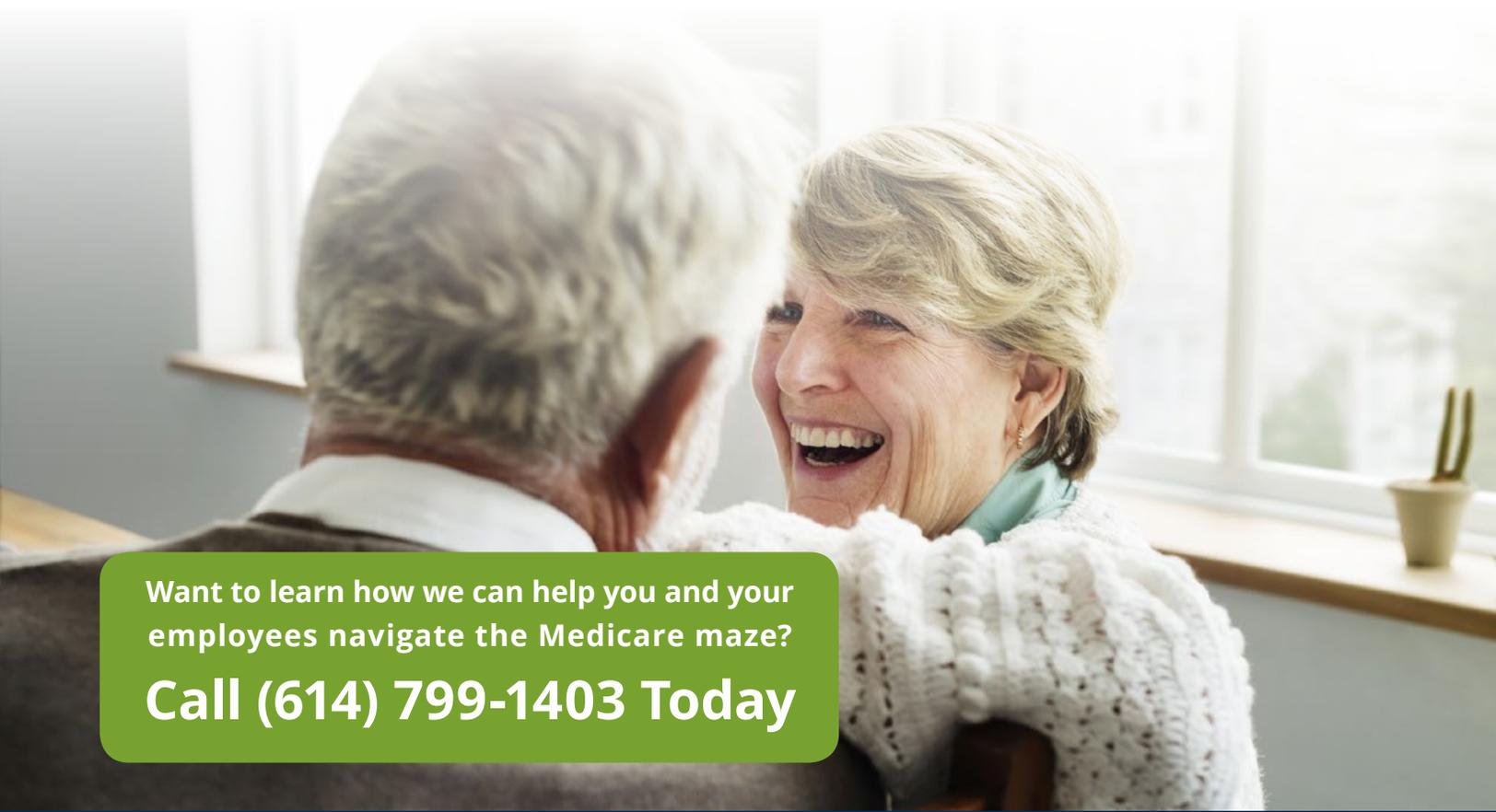


- Part B is medical insurance coverage and includes things like x-rays and other tests, vaccinations, outpatient doctor services and more.
- Part C covers Medicare Advantage Plans, which someone can only get if they originally had either Medicare Part A or B.
- Part D is a standalone prescription drug plan that provides coverage not available to recipients of other Medicare benefits.

It is recommended to sign up for Medicare Part A for a number of reasons. If a person has contributed enough towards Medicare payroll taxes throughout their career, there will be no premiums for services rendered under Part A coverage. Even if they didn't contribute enough, they still may qualify for premium-free Medicare Part A coverage based on the work record of their spouse. Additionally, an employee will also have the option of paying monthly premiums for hospital stays and other related benefits under Medicare Part A.

Medicare Enrollment Timeframes

There is a seven-month enrollment period for Medicare called the IEP, or "Initial Enrollment Period." It includes the three months before and after an employee's 65th birthday, which is the date upon which they become [officially eligible for Medicare Part B](#). Note that there is also something called an SEP, or "Special Enrollment Period," that allows people after the



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age of 65 to sign up for Medicare should they experience certain major life events. An example of this would be someone who is over 65 and is only recently leaving active employment - this person would qualify for an SEP and could sign up for Medicare Part B.

- If your company has less than 20 total employees and an employee (or their spouse) reaches the age of 65, they are required to enroll in Medicare Part B - even if they're still getting health benefits through work. If they fail to do so promptly, they're subject to a 10% penalty every 12 months.
- If your company has more than 20 employees, that same employee could likely delay enrolling without the aforementioned penalty.



Note that the importance of signing up for Medicare coverage under the Initial Enrollment Period cannot be overstated enough. If an employee is currently covered under an individual, private insurance plan (as is commonly the case with small businesses across the country), they will still need to sign up for Medicare within the IEP to avoid both the 10% penalty and a gap in necessary coverage.

There are a few main options available when helping an employee sign up for Medicare Part B. These currently include:

- Direct the employee to contact the Social Security Administration, who will guide them through the remainder of the process.
- Direct the employee to visit www.ssa.gov/medicare to enroll online.
- Recommend that the employee visit the local branch of the Social Security Administration in person.

Health Savings Accounts (HSA) and Medicare

You can't contribute to your HSA once your Medicare coverage begins. If you contribute to your HSA after your Medicare coverage starts, you may have to pay a tax penalty. If you'd like to continue contributing to your HSA, you shouldn't apply for Medicare, Social Security, or Railroad Retirement Board (RRB) benefits.

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Medicare and COBRA

Medicare does not consider COBRA health insurance coverage to be “creditable” coverage. If a former employee who is currently receiving COBRA benefits (or their spouse) either turns 65 or is 65 years or older at the time they leave active employment, they must enroll in Medicare Part B at some point during their enrollment period.

This period begins just prior to the end of their employer plan. In total, they have up to eight months to do so without being subject to the aforementioned penalty.

Even if COBRA coverage remains, Medicare will still become an employee’s primary health insurance once they sign up. Medicare will pay for all applicable portions of an employee’s health care services and the remaining balance can then be submitted to an employer’s healthcare plan. However, if someone like a retiree fails to sign up for Medicare when they are first eligible, it is important to note that they will NOT be able to sign up for Medicare through a Special Enrollment Period exception.

These are just a few of the major topics that human resources professionals will need to understand to help their employees better understand their options concerning Medicare - before, during and after enrollment periods. To find out additional information, please visit the official Medicare website at www.medicare.gov.

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About Seniority Benefit Group

The team of Medicare advisors at Seniority Benefit Group have developed a 6-step method of ensuring our clients understand the often-confusing Medicare maze. Employees that are retiring or turning 65 can rest assured they will have someone with them every step of the way when enrolling and participating with Medicare.

Call us – we'll be happy to come out and meet with you and your employees at no cost!

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