



UNDERSTANDING MEDICARE AS AN ACTIVE NYSHIP ENROLLEE OR A REHIRED RETIREE OF A PARTICIPATING EMPLOYER TURNING 65

As an active employee, or a dependent of an active employee, of an employer that has elected to participate in the New York State Health Insurance Program (NYSHIP), it is important that you understand how benefits are coordinated between NYSHIP and Medicare. Medicare rules determine when Medicare pays primary. NYSHIP rules require that you be enrolled in Medicare when Medicare is primary to NYSHIP. In particular there are important steps you must take prior to your retirement, or if you are covered as a dependent, prior to the enrollee's retirement, to protect your health benefits under NYSHIP.

If you do not have Medicare coverage in effect when required by NYSHIP rules, your benefits will be drastically reduced.

Coordination of Medicare benefits with NYSHIP

While you are an active employee working in a benefits-eligible position, or a dependent (other than a domestic partner), or enrollee or dependent eligible for Medicare due to end-stage renal disease (ESRD)* covered by an active employee, your NYSHIP coverage is primary to Medicare. This means that NYSHIP pays claims BEFORE they are paid by Medicare.

In most cases, when you are retired and eligible for Medicare, the claims payment order changes and Medicare becomes primary to NYSHIP.* This means NYSHIP pays claims AFTER they are paid by Medicare.

When NYSHIP is primary to Medicare, you are not required to be enrolled in Medicare.

When you MUST be enrolled in Medicare

Under NYSHIP rules, you and your dependents must be enrolled in Medicare Part A and Part B when first eligible for Medicare coverage that is **primary** to NYSHIP, even if you also have coverage through another employer's group plan.

For most enrollees and dependents who are already 65 at the time of their retirement, Medicare will become the primary coverage on the first day of the month following the termination of your active coverage. Check with your Health Benefits Administrator (HBA) to find out the exact date that your coverage as an active employee ends.

Enrolling in Medicare

You can enroll in Medicare by contacting the Social Security Administration (SSA) at 1-800-772-1213 or online at www.ssa.gov/retirement. If you are collecting Social Security benefits at age 65, you also may receive information from the Social Security Administration about enrolling.

Plan Ahead!

For most people, there is no cost for Medicare Part A coverage. Therefore, it may be to your advantage to enroll in Medicare Part A when you are first eligible. For Medicare Part B coverage, there is a monthly premium cost. Under NYSHIP rules, once Medicare becomes primary, NYSHIP reimburses the cost of the standard Medicare Part B premium for both the Medicare-primary enrollee and any Medicare-primary dependents. This reimbursement is typically done through a credit to the enrollee's pension check or NYSHIP bill.

When NYSHIP is your primary coverage, for example, while you are still an active employee, you are generally not entitled to reimbursement for the Part B premium. Therefore, you may choose to delay enrollment until just prior to retirement.* You have a second enrollment opportunity for Medicare Part A and Part B coverage when you retire. Remember, NYSHIP rules require that you have the enrollment in place as soon as your active benefits terminate.

If you are planning to retire and have not enrolled in Medicare Parts A and B, contact Social Security (1-800-772-1213) three months before active employment ends to enroll to be sure there are no gaps in your health care coverage. **Do not delay signing up, because it may take several months for Medicare to become effective. If you fail to enroll in Medicare, or are in a waiting period for Medicare to go into effect when Medicare becomes primary to NYSHIP, you will be responsible for Medicare's share of your bills.**

When Medicare becomes primary to NYSHIP

Once Medicare is primary to NYSHIP, neither The Empire Plan nor NYSHIP HMOs will cover any medical expenses that would have been paid by Medicare whether or not you are actually enrolled in Medicare. In these instances, the insurance administrator will carve out, or not consider for payment, the portion that Medicare would have paid and The Empire Plan or your NYSHIP HMO will pay secondary on that claim. **The carved-out portion that Medicare would have paid is your responsibility.**

If you and/or your dependents are Medicare-primary and enrolled in **The Empire Plan** you will automatically be enrolled in Empire Plan Medicare Rx (PDP), a Medicare Part D prescription drug program.

Make sure your information (name, date of birth, etc.) is up-to-date and matches your information on file with the SSA. If you are assigned a Medicare ID, provide it to the Employee Benefits Division.

Most NYSHIP HMOs automatically enroll you in their Medicare Advantage plan when you become Medicare-primary. Only the following NYSHIP HMOs (HMOBlue, Options 072 and 160; HIP, Options 220 and 350; and MVP North, Option 360) coordinate your coverage with Medicare. NYSHIP Medicare Advantage Plans include Medicare Parts A, B and D coverage.

For enrollees who pay for NYSHIP coverage by pension deduction, reimbursement for the enrollee and/or dependent is added to the enrollee's monthly pension check. For enrollees who make direct payments to the Employee Benefits Division for NYSHIP coverage, the standard Medicare reimbursement is applied as a credit on monthly premium statements. If your Medicare credit exceeds the premium due, the balance will be refunded to you quarterly.

If you return to work for that same employer

If you retire and then return to work with that same employer in a benefits-eligible position, NYSHIP remains primary for the retiree and, in most cases, for covered dependents regardless of age.* You may postpone enrolling in Medicare Part B until the enrollee leaves the payroll. Be sure Medicare Part A and Part B are in effect for you and your Medicare-eligible dependents at the point you are no longer covered as an active employee. **Read this letter carefully. To avoid claims problems be sure to notify your current agency HBA that you are a rehired retiree and NYSHIP is primary to Medicare.***

The information in this letter provides general guidance. Different information may apply under certain circumstances, such as when a domestic partner* is covered, or when an enrollee or dependent is eligible for Medicare due to end-stage renal disease (ESRD).*

We are enclosing the booklet, *Medicare & NYSHIP*. It includes additional details about how Medicare works with NYSHIP. Please read this letter and the booklet carefully. There is also a helpful 25-minute DVD included with the booklet that you should watch and consider sharing with your family.

For questions regarding your specific circumstances, including whether you will be eligible to continue NYSHIP coverage in retirement, contact your Health Benefits Administrator (HBA).

*Medicare primacy exceptions:

- For domestic partners of enrollees, Medicare is primary at age 65 regardless of the employment status of the enrollee. Employers that participate in NYSHIP are not required to provide coverage for domestic partners. Please check with your HBA to see if domestic partner coverage is offered by your agency.
- The rules regarding primary Medicare eligibility due to end-stage renal disease (ESRD) are unique. If you or your dependent is Medicare-eligible due to ESRD, you should check with your HBA regarding Medicare primacy.

Enclosures:

NY/PE Notice of Creditable Coverage 09/2015
Medicare & NYSHIP for NY/PE