October 2002

What Participating Agency Retirees need to know about Medicare and NYSHIP

For Retirees, Vestees, Dependent Survivors, Preferred List Enrollees and their Enrolled Dependents covered by the Empire Plan under the New York State Health Insurance Program (NYSHIP) through Participating Agencies (local governments and school districts)

Apply for Medicare three months ahead of your 65th birthday. Failure to have Medicare Parts A and B in effect by the first day of the month of your 65th birthday (or younger if disabled) will drastically reduce your health insurance coverage.

The New York State Health Insurance Program (NYSHIP), which provides your health insurance benefits through the Empire Plan, requires retirees, vestees, dependent survivors and Preferred List enrollees to be enrolled in Medicare Parts A and B when first eligible.

NYSHIP also requires your dependents to be enrolled in Medicare Parts A and B when first eligible.

Do not depend on Social Security, Medicare, another health plan or another employer for information on NYSHIP requirements. Please read NYSHIP/Empire Plan materials, visit our Web site at www.cs.state.ny.us, and call your agency Health Benefits Administrator if you have questions.

Some practices vary from agency to agency. Please check with your agency Health Benefits Administrator on whether your agency continues Empire Plan coverage after you become eligible for Medicare at 65. Ask when the Empire Plan will no longer be your primary coverage. Also ask about Medicare premium reimbursement.

#1 You Must Enroll

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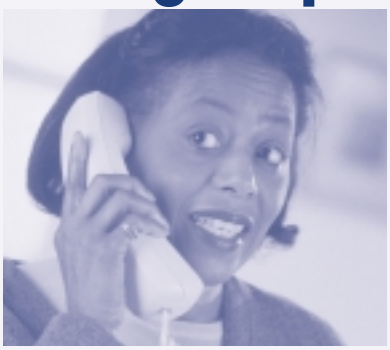
#2 When and How to Sign Up



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#3 Your Participating Agency Reimburses You for the Cost

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#4 Coordinating Claims

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NYSHIP
New York State Health Insurance Program

State of New York Department of Civil Service, Employee Benefits Division

#1 You Must Enroll

Medicare is the federal health insurance program for people age 65 and older or disabled or with end stage renal disease. It is administered by the Social Security Administration for the Centers for Medicare and Medicaid Services (CMS), formerly the Health Care Financing Administration.

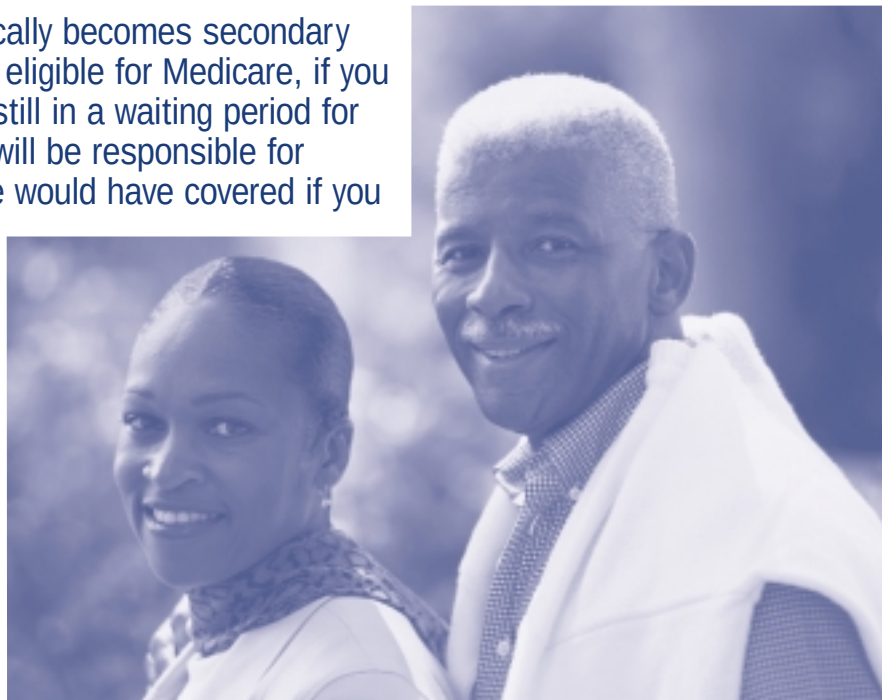
Medicare becomes primary to your Empire Plan coverage as soon as you, as a NYSHIP retiree, vestee, dependent survivor or Preferred List enrollee, become eligible for Medicare. As soon as you become Medicare-eligible, even if you fail to enroll, the Empire Plan will not pay for any medical expenses that Medicare would have covered.

The same rule applies to each dependent (spouse/domestic partner or child) covered under your Empire Plan policy. As soon as your dependent is Medicare-eligible, the Empire Plan will not pay for any expenses for the dependent that Medicare would have covered.

Therefore, you and each of your covered dependents *must* have Medicare Parts A *and* B in effect by the first day of the month in which each of you reaches age 65, or before reaching age 65 if Medicare-eligible because of disability or end stage renal disease.

Since the Empire Plan automatically becomes secondary to Medicare as soon as you are eligible for Medicare, if you fail to enroll in Medicare or are still in a waiting period for Medicare to go into effect, *you* will be responsible for medical expenses that Medicare would have covered if you had enrolled when first eligible.

The responsibility is yours: you must make sure that you and each of your dependents is covered under Medicare Parts A and B when first eligible, even if you also have coverage through another employer's group plan.

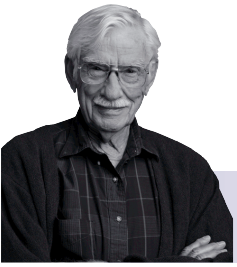


Who is eligible?

The following people are eligible for Medicare:

- People age 65 or older
- People of any age who have been entitled to Social Security Disability benefits for 24 months
- People of any age who have end stage renal disease (permanent kidney failure requiring dialysis or kidney transplant)

You and your dependents each must be enrolled in Medicare as soon as each of you becomes eligible for any of these reasons. (Medicare does not offer Family coverage.)



What does Medicare cover?

Medicare Part A covers inpatient care in a hospital or skilled nursing facility, hospice and home health care.

Medicare Part B covers doctors' services, outpatient hospital services, durable medical equipment and some other services and supplies not covered by Part A.

Together, Parts A and B are known as traditional or "original" fee-for-service Medicare. NYSHIP requires you and your dependents to be enrolled in Parts A *and* B.

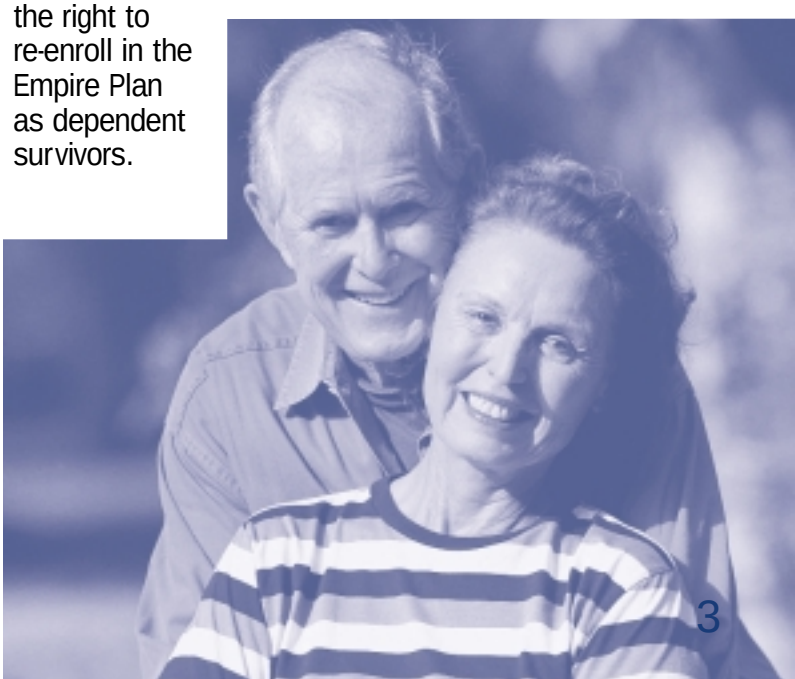
Why do we need Medicare when we already have Empire Plan health insurance coverage?

Why should we stay in the Empire Plan after enrolling in Medicare?

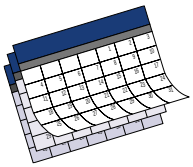
It's the *combination* that protects you.

At *reduced* cost to you (as explained on page 6), you will have Medicare coverage *plus* the Empire Plan. The Empire Plan becomes secondary (supplemental) and your share of the Empire Plan premium (if any) will be reduced. The Empire Plan covers the Medicare Part A hospital deductible ($840 per hospital stay in 2003; amount may change yearly) and some other medical expenses Medicare does not cover. For example, prescription drugs and hearing aids are not covered under Medicare Part A or Part B, but the Empire Plan provides benefits for prescription drugs and the Empire Plan with Core + Medical and Psychiatric Enhancements also provides an allowance for hearing aids. And, while Medicare does not pay for medical services outside the U.S., Empire Plan benefits are available worldwide.

If you drop out of the Empire Plan, your Participating Agency will no longer reimburse you or your dependents for the monthly premium for Medicare Part B ($58.70 a month in 2003; rate may change yearly). (See page 6.) Your sick leave credit (if offered by your agency) may no longer be available to reduce your premium.
If you decide to re-enroll in the Empire Plan, ask your agency if you will have a waiting period. And, if you die after canceling your Empire Plan coverage, your dependents will not have the right to re-enroll in the Empire Plan as dependent survivors.



#2 When and How to Sign Up



Plan ahead to avoid a gap in your coverage. Sign up three months before turning 65.

When to apply

If under 65 at retirement: After you retire or leave the payroll as a vestee, Medicare coverage must be in effect on the first day of the month in which you or your dependent turns 65. Or, if the birthday falls on the first of the month, Medicare must be in effect on the first day of the preceding month.

Although Medicare allows you to enroll up to three months after your 65th birthday, NYSHIP requires you to have Medicare Parts A and B in effect on the first day of the month in which you reach 65. If you do not apply during the three months before your birthday, you will have a waiting period before Medicare becomes effective. During this waiting period, you will have a gap in your coverage that could be very costly to you.

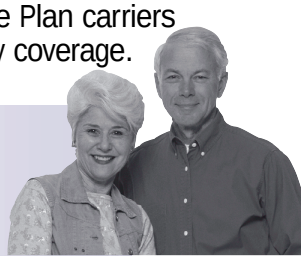
If under 65 and Disabled: If you or your dependent becomes Medicare-eligible before age 65 because of disability or end stage renal disease, Medicare must be in effect as soon as you or your dependent is eligible for Medicare coverage that is primary to the Empire Plan.

If over 65 at retirement: When you retire or leave the payroll as a vestee, if you or your dependent is already age 65 or over, or Medicare-eligible because of disability, the Empire Plan will no longer be the primary insurer beginning the first day of the month after your employer group coverage ends. The Empire Plan automatically becomes secondary to Medicare at that time, even if you fail to enroll in Medicare.

Check with your agency Health Benefits Administrator to find out when your employer group coverage ends.

I'm 62. My spouse is going to be 65 soon. What do we have to do?

Your spouse must enroll now. You must enroll three months before you turn 65, or sooner if eligible because of disability or end stage renal disease. Medicare becomes primary to the Empire Plan for your spouse at 65, while the Empire Plan remains primary for you until you reach 65 or otherwise become eligible for Medicare. Check with the Empire Plan carriers if you have questions about primary coverage.



What if we also have coverage through an employer other than my Participating Agency?

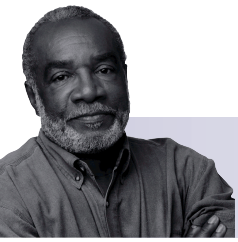
Even if you also have coverage through another employer's group plan, you and your dependent must be enrolled in Medicare Parts A and B when first eligible. The other employer's plan pays *first,* Medicare *second*, and NYSHIP *third.* Please see "Order of payment" on page 7.

Medicare also pays primary to the Empire Plan if you go to work for a New York State agency or a NYSHIP Participating Employer but you remain enrolled in the Empire Plan as a Participating Agency retiree.

Medicare also pays primary to the Empire Plan for you if your *spouse/domestic partner* works for another employer and covers you as a dependent under the employer's group health insurance plan. Both of you must be enrolled in Medicare Parts A and B when first eligible.

You and your dependents must enroll in Medicare even if also covered under:

- Another employer's group health insurance plan
- Workers' Compensation
- COBRA or New York State Continuation of Coverage Law



What if my spouse/domestic partner also has NYSHIP coverage as an "active employee"?

If your spouse/domestic partner is an active employee of a Participating Agency, or of New York State or a NYSHIP Participating Employer, is 65 or over, and is enrolled in the Empire Plan or another NYSHIP plan as your dependent (rather than in his or her own right as an employee), the employee has your "retiree" coverage in the Empire Plan and must be enrolled in Medicare when first eligible. Medicare will pay primary to NYSHIP, and you will be eligible to receive reimbursement for the Medicare Part B premium on his or her behalf, unless reimbursement is received from another source. (See page 6.)

How do we enroll in Medicare?

- If you or your dependent is already receiving Social Security Retirement benefits or Social Security Disability benefits before age 65, Social Security may automatically mail a Medicare card to you about three months before you become eligible for Medicare. It will show both Part A coverage and Part B coverage, with an option to decline Part B. **Do not decline! Be sure to enroll in Part B.** If you do not receive a card, call Social Security.
- If you or your dependent is close to age 65 and not yet receiving Social Security Retirement benefits or Social Security Disability benefits, apply for Medicare Part A and Part B three months before you become eligible for Medicare. Do not delay, because it takes several months for Part B to become effective. You will be responsible for any costs you incur by failing to plan ahead.
- If you or your dependent is over 65 when you plan to retire or you are over 65 when your spouse leaves service as a vestee, apply for Medicare Part A and Part B three months before leaving the payroll (or as far ahead of your retirement date as possible). Explain to Social Security that you did not sign up for Medicare Part B at age 65 because you still have primary coverage through your employer group plan with your NYSHIP Participating Agency. You will not be charged Medicare's late enrollment penalty.
- If you or your dependent is under 65 and eligible for Medicare because of end stage renal disease, contact Medicare at the time you are diagnosed. Be sure you have Medicare in effect as soon as you complete Medicare's 30-month or 33-month waiting period.

How to apply: Visit your local Social Security office or call Social Security at 1-800-772-1213.

Information about applying for Medicare is also available on the Web at www.ssa.gov. Medicare accepts applications online under certain circumstances. Teletypewriter (TTY) is available for callers using a TTY device because of a hearing or speech disability: 1-800-325-0778 *for TTY Only*.

What if we apply late?

- Your benefits under the Empire Plan will be drastically reduced until you have Medicare in effect. The Empire Plan will not pay Medicare's share of your expenses, even if you use an Empire Plan participating provider.
- If you do not enroll in Medicare when you are first eligible, you must enroll during the next general enrollment period between January 1 and March 31. Your coverage will begin the following July 1. You will pay more for Medicare as a penalty for late enrollment.

#3 Your Participating Agency Reimburses You for the Cost

There is usually no cost for Medicare Part A. If there is a charge for your Medicare Part A coverage because you did not meet the Social Security eligibility requirements, you may keep the Empire Plan as your primary coverage and you do not need to enroll in Medicare Part A. Please send the statement you receive from Social Security confirming your ineligibility for Medicare Part A to your agency Health Benefits Administrator. However, you still must enroll in Part B.

You are reimbursed for your Part B premiums. Social Security deducts the Medicare Part B premium ($58.70 a month in 2003; rates may change yearly) from your monthly Social Security check. Your Participating Agency reimburses you for the Medicare Part B premium, unless you receive reimbursement from another source.

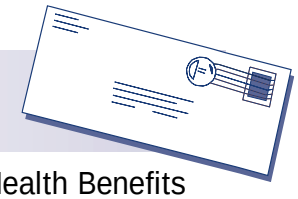
If both you and your dependent(s) are Medicare-primary, both of you pay for Part B through Social Security deductions. If you have Family coverage in the Empire Plan, you will also be reimbursed for the Part B premium for any dependent eligible to receive primary coverage from Medicare, provided the dependent is not reimbursed by another employer.

Extra charges (above the usual base cost) imposed by Social Security as penalties for late enrollment in the Medicare program are not reimbursable under NYSHIP.

In addition to reimbursing you for the cost of Medicare Part B, your Participating Agency will reduce your Empire Plan premium (if any) when you become covered under Medicare.

Medicare reimbursement practices vary from agency to agency. Please check with your agency Health Benefits Administrator. Also ask for Empire Plan premium rates for Medicare-primary retirees.

When must we notify the Participating Agency?



You must notify your agency Health Benefits Administrator **at age 65** and send a photocopy of the Medicare card to begin the reimbursement. It is also very important to notify your agency Health Benefits Administrator if you or your covered dependent who is **under age 65** becomes eligible for Medicare because of disability or end stage renal disease.

If Medicare eligibility ends for you or your dependent (because, for example, you move outside the United States or your dependent dies), **you must notify** your agency Health Benefits Administrator. If you receive reimbursement for the Medicare Part B premium when you are not eligible, your agency has the right to require a refund of amounts that were incorrectly reimbursed.

#4 Coordinating Claims

Order of payment

When you or your dependent becomes eligible for Medicare coverage, claims are paid in the following order:

1. Medicare pays first (primary)
2. Empire Plan pays second (secondary)

Note: If you and/or your dependent also has coverage as an active employee of an employer other than an agency that participates in NYSHIP, that plan pays *first,* Medicare *second*, and NYSHIP *third*.

If Medicare denies your claim because your Medicare coverage is not yet in effect, you are responsible for those expenses.

Medicare+Choice HMOs

As a retiree, be sure you understand that if you or your dependent enrolls in an HMO under a Medicare+Choice contract, in addition to your Empire Plan coverage, the Empire Plan will not provide benefits for any services available through your HMO or services that would have been covered by your HMO if you had complied with the HMO's requirements for coverage. Covered medical expenses under the Empire Plan are limited to expenses not covered under your Medicare+Choice Contract with the HMO. If your HMO Medicare+Choice contract has a Point-of-Service option that provides partial coverage for services you receive outside the HMO, covered medical expenses under the Empire Plan are limited to the difference between the HMO's payment and the amount of covered expenses under the Empire Plan.

Filing Claims

Providers (such as hospitals, doctors and laboratories) are required by federal law to submit claims to Medicare for Medicare-primary patients. After Medicare processes the claim, the Empire Plan considers the balance for secondary (supplemental) coverage.

For hospital inpatient expenses, the hospital will file claims first with Medicare and then with Empire Blue Cross and Blue Shield. You should not be billed for any charges covered under either program. For hospital outpatient expenses, you are responsible only for the Empire Plan copayment, if any. In the rare case where a hospital does not submit claims directly to Empire Blue Cross and Blue Shield after receiving primary payment from Medicare, it is your responsibility to submit the claim.

Medicare Crossover

For medical/surgical or mental health/substance abuse expenses, you have no claims to file if you are enrolled in the Empire Plan's Medicare Crossover program. Medicare Crossover is the process by which Medicare, as primary insurance carrier, automatically forwards Medicare Part B medical claims to a secondary carrier for processing. United HealthCare (for Empire Plan medical/surgical expenses) or ValueOptions as administrator for GHI (for mental health/substance abuse expenses) will send you an Explanation of Benefits that will show you what Medicare paid, what the Empire Plan paid, and the amount you are responsible for paying. If the provider participates in the Empire Plan, you are responsible only for your copayment, if any.

Retirees, vestees and dependent survivors who become Medicare-eligible at age 65: You are automatically enrolled in the Empire Plan's Medicare Crossover in the state where you reside unless you decline by contacting United HealthCare at 1-800-942-4640 and/or ValueOptions as administrator for GHI at 1-800-446-3995. If you spend part of the year in another state, you can sign up for Medicare Crossover in up to two additional states. To make this request, contact United HealthCare (1-800-942-4640) and ValueOptions (1-800-446-3995). Medicare Crossover is available in all parts of the United States except Puerto Rico.

Dependents are not automatically enrolled in Medicare Crossover but may request it by contacting United HealthCare and ValueOptions.

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(Continued from page 7)

If you or your dependent becomes Medicare-primary before age 65 because of disability or end stage renal disease, you are not automatically enrolled in Medicare Crossover but may request it if the Empire Plan is your secondary coverage.

If Medicare is your primary coverage but your secondary coverage is from a source other than the Empire Plan, sign up for Medicare Crossover with your secondary plan, not with the Empire Plan. Notify United HealthCare and ValueOptions not to enroll you in the Empire Plan's Medicare Crossover. It is *your* responsibility to submit claims to the Empire Plan for processing as your third coverage.

What if we don't receive an Explanation of Benefits from the Empire Plan?

If you do not receive an Explanation of Benefits from United HealthCare (for medical/surgical services) or ValueOptions (for mental health/substance abuse services) showing that both Medicare and the Empire Plan processed the claim, submit a claim to the Empire Plan carrier for secondary payment. Be sure to include supporting bills, receipts and Medicare's Summary Notice.

Please see your *NYSHIP General Information Book and Empire Plan Certificate* for details on how to file claims, including deadlines.

Do we have to file a claim with the Empire Plan if we receive services that Medicare does not cover?

If you receive services, such as hearing aids (covered for enrollees in the Empire Plan with Core + Medical and Psychiatric Enhancements) or prescription drugs, that are covered under the Empire Plan but not under Medicare from a provider who does not participate in the Empire Plan, it is your responsibility to file a claim with the appropriate Empire Plan carrier for non-network benefits.

You do not have to file a claim if you receive services from a provider who participates in the Empire Plan.

Expenses Outside the U.S.

Medicare does not cover medical expenses incurred outside the United States. NYSHIP pays as your primary insurer. If you are in the Empire Plan and will be traveling temporarily outside the United States, file claims directly with the Empire Plan carriers.

If you will be residing permanently outside the United States, you must notify your agency Health Benefits Administrator in writing. The Participating Agency will discontinue your reimbursement for Medicare Part B premiums.

Write if Medicare status changes

If Medicare eligibility ends for you or your dependent (because, for example, you move outside the United States, you are no longer disabled or your dependent dies), you must write to your agency Health Benefits Administrator. You must also notify your agency of a divorce. If you receive reimbursement for the Medicare Part B premium for yourself and/or your dependent(s) when not eligible, your agency has the right to require you to return the amounts that were paid incorrectly. If you move back to the U.S. temporarily for medical care, and resume your Medicare coverage, contact your agency about resuming your Medicare premium reimbursement temporarily.

Information in this flyer is provided to help you have the most complete health insurance coverage possible. Care has been taken to ensure accuracy. However, the certificate of insurance from the Empire Plan carriers with amendments are the controlling documents for Empire Plan benefits. Contact Social Security at 1-800-772-1213 if you have questions about Medicare eligibility or enrollment. For Medicare benefits, call Medicare at 1-800-633-4227.

It is the policy of the State of New York Department of Civil Service to provide reasonable accommodation to ensure effective communication of information in benefits publications to individuals with disabilities. These publications are also available on the Department of Civil Service Web site (www.cs.state.ny.us). Click on Employee Benefits for timely information that meets universal accessibility standards adopted by New York State for NYS Agency Web sites. If you need an auxiliary aid or service to make benefits information available to you, please contact your agency Health Benefits Administrator.

What Participating Agency Retirees Need to Know about Medicare and NYSHIP is published by the Employee Benefits Division of the State of New York Department of Civil Service. The Employee Benefits Division administers NYSHIP. NYSHIP provides your health insurance benefits through the Empire Plan.

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