



What NYS Retirees ^{need to know about} Medicare and NYSHIP

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

The New York State Health Insurance Program (NYSHIP) requires retirees, vestees, dependent survivors, and Preferred List enrollees from New York State agencies and Participating Employers 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, an HMO or another employer for information on NYSHIP requirements. Please read NYSHIP materials, visit our Web site at www.cs.state.ny.us, and call the Employee Benefits Division at (518) 457-5754 or 1-800-833-4344 if you have questions.

 **Participating Employer enrollees, please check:** Ask your agency Health Benefits Administrator whether your agency continues NYSHIP coverage after you become eligible for Medicare at 65. Ask when NYSHIP will no longer be your primary coverage. Also ask about Medicare premium reimbursement.

Important Health Insurance Information for Retirees, Vestees, Dependent Survivors, and Preferred List Enrollees and their Enrolled Dependents covered under the New York State Health Insurance Program (NYSHIP) through New York State Agencies and Participating Employers

#1 You Must Enroll



PG 2-3

#2 When and How to Sign Up



PG 4-5

#3 NYS Reimburses You for the Cost



PG 6

#4 Coordinating Claims



PG 7-8



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).

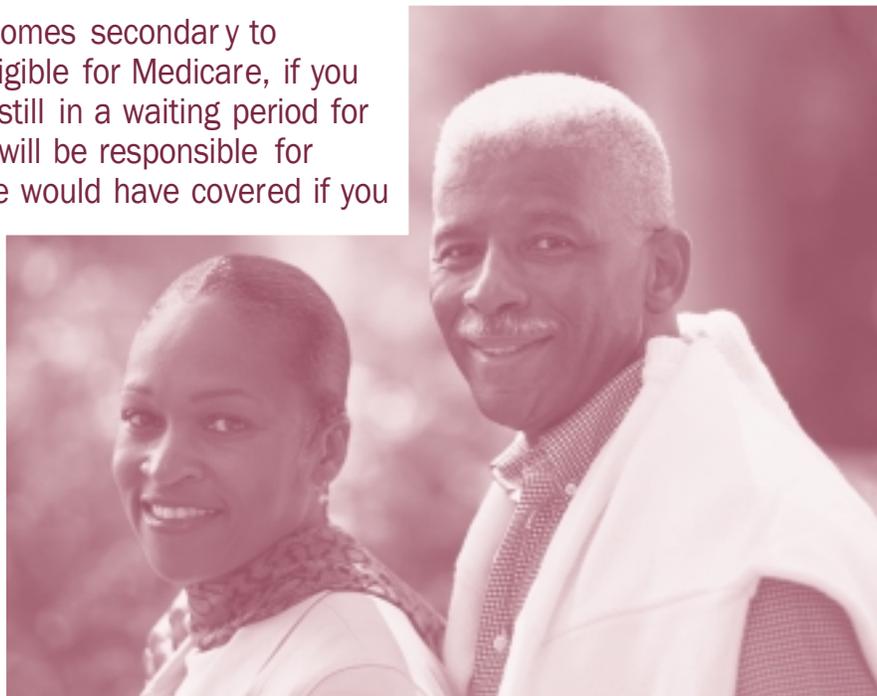
Medicare becomes primary to your NYSHIP coverage as soon as you, as a NYSHIP retiree, vestee, dependent survivor, or Preferred List enrollee, become eligible for Medicare. The Empire Plan or your NYSHIP HMO will not pay for any medical expenses that Medicare would have covered.

The same rule applies to each dependent (spouse/domestic partner or child) covered under your NYSHIP policy. As soon as your dependent is Medicare-eligible, the Empire Plan or your NYSHIP HMO 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, if the birthday falls on the first of the month, in effect on the first day of the preceding month) or before reaching age 65 if Medicare-eligible because of disability or end stage renal disease.

Since NYSHIP 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.)



If I return to work for New York State, must I be covered under Medicare?

No. If you return to work for New York State or your former Participating Employer in a benefits-eligible position after retiring, NYSHIP is primary for you as an active employee, and in most cases for your dependents, regardless of age. You may postpone enrolling in Medicare Part B until leaving the payroll.



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.

Medicare Advantage (formerly Medicare+Choice) offers managed care options through local HMO plans and some private fee-for-service options. Please read about Medicare Advantage plans on page 7. Be sure you understand that if you or your dependent joins a Medicare Advantage plan that is not part of NYSHIP, you will significantly reduce your Empire Plan or NYSHIP HMO coverage.



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

Why should we stay in NYSHIP after enrolling in Medicare?

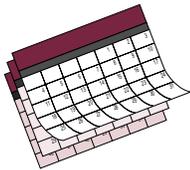
It's the *combination* that protects you.

At no additional cost to you (as explained on page 6), you will have Medicare coverage *plus* your NYSHIP plan. If you are in the Empire Plan or in a NYSHIP HMO that coordinates with Medicare (page 7), your NYSHIP plan becomes secondary (supplemental). Your NYSHIP plan covers the Medicare Part A hospital deductible (\$867 per hospital stay in 2004; amount may change yearly) and some other medical expenses Medicare does not cover. For example, hearing aids and most prescription drugs are not covered under Medicare Part A or Part B, but the Empire Plan offers an allowance for hearing aids and all NYSHIP plans provide benefits for prescription drugs. And, while Medicare does not pay for medical services outside the U.S., Empire Plan benefits are available worldwide.

If you drop out of NYSHIP, the State will no longer reimburse you or your dependents for the monthly premium for Medicare Part B (\$66.60 a month in 2004; rate may change yearly). Your sick leave credit will no longer be available to reduce your premium. If you decide to re-enroll in NYSHIP, you will have a three-month waiting period. And, if you die after canceling your NYSHIP coverage, your dependents will not have the right to re-enroll in NYSHIP as dependent survivors.



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/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 are eligible. 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/your dependent is eligible for Medicare coverage that is primary to NYSHIP.

If over 65 at retirement: When you retire or leave the State payroll as a vestee, if you or your dependent is already age 65 or over, or Medicare-eligible because of disability, NYSHIP will no longer be the primary insurer beginning the first day of the month following a “runout” of 28 days after the last day of the last payroll period for which you were paid. NYSHIP automatically becomes secondary to Medicare at that time, even if you fail to enroll.

 **Participating Employer enrollees, please check:** If you/your dependent is 65 or over when you retire from active service or leave the payroll as a vestee, NYSHIP will no longer be your primary insurer beginning the first day of the month after the end of the month in which your employer group coverage ends. Ask your agency Health Benefits Administrator 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 NYSHIP for your spouse at 65, while NYSHIP remains primary for you until you reach 65 or otherwise become eligible for Medicare. Check with your NYSHIP plan about primary coverage.



What if we also have coverage through an employer other than New York State?

Even if you also have coverage through another employer's group plan, you/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.

If you work for a local government in New York State but remain enrolled in NYSHIP as a State or Participating Employer **retiree**, you and your dependents must be enrolled in Medicare Parts A and B when first eligible.

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

- Another employer's group health insurance plan
- Workers' Compensation

If you are continuing coverage in NYSHIP under COBRA, contact the Employee Benefits Division for information when you become eligible for Medicare. Special provisions apply.



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

If your spouse/domestic partner is an active employee of New York State or a Participating Employer, is 65 or over, and is enrolled in NYSHIP as your dependent (rather than in his or her own right as an employee), your spouse/domestic partner has your “retiree” coverage in NYSHIP 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.



How do we enroll in Medicare?

- If you/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/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/your dependent is over 65 when you plan to retire or you are over 65 when your spouse leaves State 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 New York State. You will not be charged Medicare’s late enrollment penalty.

- If you/your dependent is under 65 and eligible for Medicare because of end stage renal disease, contact Medicare at the time of diagnosis. 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 or under a NYSHIP HMO will be drastically reduced until you have Medicare in effect.
- If you do not enroll 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. NYSHIP will not reimburse you for any extra charges (above the usual base cost) imposed by Social Security as penalties for late enrollment in the Medicare program.



NYS 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 NYSHIP 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 the Employee Benefits Division. However, you still must enroll in Part B. Without Part A, you may not be able to continue in your NYSHIP HMO. Call the Employee Benefits Division for assistance.

You pay for Part B, but New York State reimburses you for the usual (base) cost of Medicare Part B, unless you receive reimbursement from another source.

If you have Family coverage, 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.

Here's how reimbursement works in most cases: Social Security *deducts* the Medicare Part B premium (\$66.60 a month in 2004; rates may change yearly) from your monthly Social Security check. New York State *adds* the same amount to your monthly State pension check.

If both you and your dependent(s) are Medicare-primary, both of you pay for Part B through Social Security deductions. New York State *adds* two reimbursements to your State pension check each month.

If you are paying for NYSHIP coverage by making direct payments each month to the Employee Benefits Division, instead of by pension deductions, reimbursement is made as a credit that reduces your monthly payments.

Your NYSHIP premium does not change when you become covered under Medicare.

 *Participating Employer enrollees, please check: reimbursement practices vary.*

When must we notify the Employee Benefits Division?



Our enrollment files are programmed to recognize the 65th birthday and automatically begin reimbursement for the usual (base) cost of "original" Medicare Part B when Medicare becomes primary to NYSHIP coverage **at age 65** for retirees, vestees, dependent survivors, and enrollees covered under Preferred List provisions. We also begin the Part B reimbursement automatically for spouses who become 65 years old after January 1, 2000.

However, the reimbursement is not automatic for spouses who became 65 years old before January 1, 2000. The reimbursement also is not automatic for a domestic partner or for any enrollee or covered dependent who is **under age 65** and eligible for Medicare because of disability or end stage renal disease. **You must notify** the Employee Benefits Division (address on page 8) and send a photocopy of the Medicare card to begin the reimbursement. You may find it convenient to use the sample letter in the *NYSHIP General Information Book* for Retirees.



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. NYSHIP (Empire Plan or HMO) pays second (secondary)

Note: If you and/or your dependent also has coverage as an active employee of an employer other than New York State, 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 and your NYSHIP HMO

If you are enrolled in a NYSHIP HMO, contact your HMO to find out if benefits will change when Medicare is primary. Find out from your HMO or the NYSHIP *Choices* guide how your HMO coordinates with Medicare:

- **Benefits available outside the HMO.**
With an HMO that coordinates coverage with Medicare, you can choose to receive treatment outside the HMO and still use your fee-for-service Medicare Parts A and B coverage if you go outside the HMO. You will be responsible for Medicare's deductibles, coinsurance and other charges. Most NYSHIP HMOs coordinate coverage with Medicare.
- **No Benefits outside the HMO.**
In a **Medicare Advantage plan (formerly Medicare+Choice)**, you assign your Medicare benefits directly to the HMO. You give up the right to Medicare coverage for services outside the HMO. *All* benefits must be received from that plan even if you also have Empire Plan coverage, for example, through your spouse.

Medicare and the Empire Plan

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 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 hospital outpatient copayment, if any (in addition to any separate bills for doctor's services). In the rare case where a hospital does not submit claims directly to Empire Blue Cross Blue Shield after receiving primary payment from Medicare, it is your responsibility to submit the claim.

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 and/or ValueOptions as administrator for GHI at 1-877-7-NYSHIP (1-877-769-7447). 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 and ValueOptions. 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.

(Continued on next page)

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 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 Basic Medical or 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 are enrolled in an HMO, before you travel check with your HMO about requirements for authorizing treatment outside the service area.

If you will be residing permanently outside the United States, you must notify the Employee Benefits Division in writing. The State discontinues your Medicare Part B reimbursement.

Write if Medicare status changes

If Medicare eligibility ends for you or your dependent (because, for example, you move outside the United States or your dependent dies), you must write to the Employee Benefits Division. You must also notify us of a divorce. If you receive reimbursement for the Medicare Part B premium for yourself and/or dependent when not eligible, you will be required to return the amounts that were paid incorrectly. If you move back to the U.S. temporarily for medical care, contact us about resuming your Medicare premium reimbursement temporarily.

If you have questions

If you have questions about these NYSHIP requirements, please call us at (518) 457-5754 or 1-800-833-4344 (U.S., Canada, Puerto Rico, Virgin Islands). Call Monday-Friday between 9 am and 3 pm Eastern time. Or write to: The Employee Benefits Division, State of New York Department of Civil Service, The State Campus, Albany, NY 12239.

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 HMO contracts and the certificate of insurance from the Empire Plan carriers with amendments are the controlling documents for benefits available under NYSHIP. 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 the Employee Benefits Division.

What NYS 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 or a NYSHIP HMO.



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