



Department of Civil Service

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Governor

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

Most individuals become eligible for Medicare at age 65, so you may receive information from the Social Security Administration about joining Medicare.

As an active employee, or a dependent of an active employee, it is important that you understand how benefits are coordinated between the New York State Health Insurance Program (NYSHIP) and Medicare. 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.

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)**, or if you return to work after retirement, (as a rehired retiree), with the same employer. We are enclosing the booklet, *Medicare & NYSHIP*. It includes additional details as to how Medicare works with NYSHIP. Please read this letter and the booklet carefully.

There is also a helpful 25-minute DVD in the back of 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 agency Health Benefits Administrator.

Coordination of benefits when you are no longer an active employee

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

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. However, to maintain full NYSHIP benefits **when Medicare is primary, you must enroll in Medicare Part A and Part B** even if you also have coverage through another employer's group plan:

- **Medicare Part A** covers inpatient care in a hospital or skilled nursing facility, hospice care 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.

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.

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 run-out period for active coverage. The run-out period is 28 days from the end of the payroll period in which you retire. Check with your agency Health Benefits Administrator to find out the exact date that your coverage as an active employee ends.

Enrolling in Medicare

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

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, the State reimburses the cost of the standard Medicare Part B premium for both the Medicare-primary enrollee and any Medicare-primary dependents. This 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 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 after a 28-day runout when you leave the payroll.

If you are planning to retire and have not enrolled in Medicare Parts A and B, contact your Social Security office (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, you will be responsible for Medicare's share of your bills.**

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 carrier 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.

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.

When Medicare becomes primary (pays first) to NYSHIP at 65, the enrollee will automatically be reimbursed for the standard cost of Medicare Part B for themselves and any Medicare-eligible covered dependent. There is usually no cost for Part A. Premium costs may be found on the Medicare web site (www.medicare.gov) or you may call Medicare at 1-800-MEDICARE (1-800-633-4227) 24 hours a day, 7 days a week for assistance. TTY users please call 1-877-486-2048. *Costs may change yearly.*

For enrollees who pay for NYSHIP coverage by pension deduction, reimbursement for the enrollee and/or dependent is added to the enrollee's monthly State 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 a New York State retiree returns to work with New York State in a benefits-eligible position, NYSHIP remains primary for the retiree, and in most cases for covered dependents, regardless of age (except for domestic partners* who are age 65 or older, or enrollees eligible for primary Medicare coverage due to end-stage renal disease and still in the Medicare coordination period.**) 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 Health Benefits Administrator that you are a rehired NYS retiree.**

The enclosed flyer answers many frequently asked questions. Please read it carefully. If you still have questions, call the Employee Benefits Division at 518-457-5754 or 1-800-833-4344.

We want your birthday to be a happy one, with full health protection.

*Domestic partner: Medicare is primary at age 65 regardless of the employment status of enrollee.

**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 the Employee Benefits Division regarding Medicare primacy.

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