

...When I'm 64



**The CSA Welfare Funds' Guide to Turning
65 and becoming eligible for Medicare**

Congratulations!

On your next birthday, you turn 65 and you have something to really celebrate. You are eligible for one of the nation's premiere entitlement programs – Medicare.

When you sign up for Medicare, your city-provided health plan automatically becomes a Medicare supplement (sometimes called a Medi-Gap policy) and your optional drug benefit automatically becomes a plan that meets the federal requirements for a Medicare Part D prescription drug plan.

But what is Medicare? Do you have to sign up? How do you sign up? What if you're still working? The answer to these questions depends upon your individual circumstances – whether you're married, still working for the DOE, working for another company or fully retired. Fortunately, most people fall into one category or another. Further in this brochure, we'll describe a number of scenarios and you'll probably fall into one of them.

But first, let's cover the basics. **What is Medicare?**

The Medicare Alphabet

Medicare is health insurance for people age 65 or older, under 65 with certain disabilities and for those of any age with end-stage renal disease. Generally, Medicare pays 80 percent of an allowable charge. The remaining 20 percent is the patient's out-of-pocket responsibility.

For *most* participants, Medicare consists of three parts: **A, B, and D.** **Part A** covers hospital and facility services including hospitals, skilled nursing facilities, rehab facilities, home health care

and hospice care. **Part A** is automatic. You do not sign up for Part A. Do nothing and you're covered once you turn 65. Medicare Part A is provided without cost to anyone who has worked 40 calendar quarters paying into Social Security. **Part B** generally covers physician visits and laboratory tests.

When we talk about Medicare premiums, we're really talking about Medicare Part B payments. **Part D** covers most prescription medications. To join a Medicare Prescription Drug plan, you must

have Medicare Part A and/or Part B. You pay a monthly premium for Part D in addition to Part B premiums. (One source says the average premium is \$31.92 a month, although it varies across the country.) There are also annual deductibles for both Part B and Part D. While there is a deductible for "standard" Part-D, the Enhanced Part-D plan that city retirees join does not have a deductible.

Medicare Part B generally pays for 80 percent of out-of-pocket costs. Participants, therefore, are responsible for 20 percent. Most participants, therefore, purchase some form of supplemental insurance to help pay for this 20 percent. **NYC municipal retirees do not need to purchase any additional coverage, since their city coverage becomes the Medicare supplement automatically.** The Municipal Labor Committee, a coalition of public employee unions, negotiated this benefit for you.

Part C is a little more mysterious to some people but it is simply another way to get Medicare. **Part C** is a program called Medicare Advantage Plans. These are health plans offered by private companies that provide both Part A (hospital) and Part B (medical) insurance.

Part C plans operate as HMO or PPOs or other similar models. (HIP can be a Medicare Advantage Plan.) The plans are generally a lower-cost alternative to the original Medicare plan and may offer benefits that original Medicare does not provide but they do not have the flexibility that Medicare Part A and B have. For example, Part C subscribers may only go to participating providers and must follow proscribed rules for seeing specialists or getting referrals. Many Medicare Advantage Plans provide a Medicare Part D drug benefit in the basic premium with an option to purchase more extensive drug coverage.

How Do I Sign Up?

About three months before your 65th birthday, *if you are receiving a Social Security check*, Social Security will send you an informational letter and an identification card. If you

do not receive this letter, you'll have to call the Social Security Administration at (1-800 772-1213). If you have decided to wait and collect Social Security at your full retirement age, you can apply

online at www.ssa.gov.

You may also visit your local Social Security office if you prefer a more personalized experience.

Generally, you are required to enroll in Medicare Part B when you are first eligible for it. There are exceptions to this rule and we'll discuss them below. **Please note: If you are eligible for Medicare Part B and you do not fit into any exemption categories, you will pay a higher premium if you fail to enroll within six months of your initial eligibility date. In other words, if you delay enrolling, do not meet the exemption criteria and ultimately do enroll, you will pay more for your coverage for the rest of your life.**

To enroll in Medicare Part B, sign the identification card and

start using it the first day of the month of your birthday. For example, if your birthday is Oct. 28, you can begin using Medicare on Oct. 1.

If you fit into one of the exemption categories, or do not want to sign up for Part B, follow the instructions for returning the card to Social Security. (But the Welfare Fund urges you to make sure you understand the ramifications before you do this.)

To sign up for Part C, a Medicare Advantage Plan, contact specific plans to get more information about benefits and costs. Once you choose a plan, you may be able to join by completing a paper application, calling the plan or enrolling on the plan's website.

Don't CSA Retirees Get Part B Reimbursed?

Just before your 65th birthday, you will also receive a mailing from the NYC Office of Labor Relations (OLR). Thanks again to the Municipal Labor Committee, NYC is contractually obligated to reimburse the Medicare Part B premium, in full, for eligible NYC retirees and their dependents.

To do this, the OLR requires a copy of your Medicare identification card. As a special service to CSA retirees, the Welfare Fund can help you get a copy of your Medicare card to OLR. Of course, you can send it yourself by following the instructions you receive but if we help, we make sure that the city is

aware of your new Medicare status. If you want our help, send the copy to the CSA Retiree Welfare Fund. We'll scan it and e-mail it to OLR. (CSA Welfare Fund, 40 Rector St., 12th Fl., New York, NY 10006.)

We'll also mail it to your Medicare supplemental health plan – your city-provided plan –so they take the necessary action to ensure you are properly enrolled in “crossover billing.” That’s insurance-speak for when Medicare electronically sends claim information directly to your Medicare supplemental insurance company. Then you don’t have to submit bills or explanation of benefits to your supplemental plan; it’s done for you! In our experience, not only does this save you time, but submitting data electronically both improves accuracy and speeds up reimbursements.

In addition:

1) The spouse of a retired city employee may be eligible for

Medicare Part B premium reimbursement as well if covered under the member’s City Health Plan. You’ll need to send a copy of his or her Medicare card to OLR as well.

- 2) Part B premium reimbursements are sent once a year in August. You will receive your 2012 Part B reimbursement in August 2013.
- 3) Some people pay a surcharge for Medicare Part B benefits based on the adjusted gross income they report to the IRS. This figure is called the Income-Related Medicare Adjustment Amount (IRMAA). The OLR will send you instructions on IRMAA reimbursement when you receive your initial reimbursement check in August. IRMAA reimbursements are sent in March. So 2012 IRMAA reimbursements will be paid in March 2014; 2013 IRMAA reimbursements will be paid in March 2015 and so on.

I’m Still Not Sure What To Do

OK. So you understand Medicare in principle, but you’re still not sure what to do. And your next step does depend on your individual circumstances. Fortunately, most people

fit into one category or another, and below, we’ve provided a number of scenarios. In all the following situations, you retain your CSA Retiree Welfare Fund benefits if you have retired from the Depart-

ment of Education. If you really have a unique situation, please contact the Welfare Fund and we will review your situation with you. We want you to be properly insured.

Scenario 1: You have retired, you are not married, and you no longer work.

- You must enroll in Medicare B to avoid penalties.
- Sign your Medicare identification card and send a copy to OLR for Medicare Part B reimbursement. (Again, the Welfare Fund can do that for you.)

Scenario 2: You have retired, you are not married, and you take a job with a company with more than 20 employees *that offers health benefits*.

- Medicare Part A becomes your secondary coverage and you need not enroll in Part B. Return the identification card to Social Security.
- You may waive your city benefits.
- Three months before you leave the second job, complete a Special Enrollment Period (SEP) form, have it certified by the company's human resources department, and submit it directly to a local Social Security office. (Please note: The Special Enrollment Period is not the same

thing as the Special Election Period, which refers to a set time in which a beneficiary can change health plans.)

- Sign your Medicare identification card and submit to OLR for Medicare Part B reimbursement.

Scenario 3: You have retired, you are not married, and you now work for a company with fewer than 20 employees.

- You must enroll in Medicare Part B (unless your employer agrees, in writing, to provide the primary insurance coverage for your benefits.)
- Your employer coverage or city coverage will be secondary to Medicare Part B.
- Sign your Medicare identification card and submit to OLR for Medicare Part B reimbursement.

Scenario 4: You're retired, you're married, you're both eligible for Medicare and neither of you has a job.

- Both you and your spouse must enroll in Medicare Part B.
- Sign your Medicare identification card and submit for Medicare Part B reimbursement.
- Submit a signed copy of your spouse's Medicare card to OLR. The city will reimburse Medicare B premiums for the spouse of a city retiree provided

that spouse does not receive reimbursement elsewhere.

Scenario 5: You are married and you and your spouse are eligible for Medicare. Your spouse works for a company with more than 20 employees and the member is covered by spouse's insurance.

- Medicare is your secondary coverage. You need not enroll in Part B at this time. Return the identification card to Social Security.
- You may waive your city benefits.
- Three months before your spouse retires, complete a Special Enrollment Period (SEP) Form for both you and your spouse, have them certified by your spouse's human resources department, and submit them directly to a local Social Security office. When you receive your Medicare card, sign it and use.

Scenario 6: You and your spouse are retired, neither of you works but one of you is not eligible for Medicare yet.

- Medicare is the primary coverage for a person age 65 or older.
- Sign the Medicare identification card and submit for Medicare Part B reimbursement
- City coverage is then considered a "split contract". The Medicare-eligible person will receive secondary benefits through the city

health plan. The non-Medicare eligible person will receive the same benefits as before.

- Pension deduction is for one person on Medicare + one non-Medicare.
- CSA Retiree Welfare Fund provides a supplemental benefit to both members.

Scenario 7: You're still working for the NYC Department of Education when you turn 65 and you are not married.

- You need not enroll in Medicare Part B (you will automatically be enrolled in Part A). Return the identification card to Social Security.
- You remain in the CSA Welfare Fund. The CSA Welfare Fund prescription drug benefit is considered credible coverage with respect to Medicare Part D and you will not incur a penalty by not enrolling in a Medicare Part D plan at this time.
- Three months before you retire, complete a Special Enrollment Period (SEP) form, have it certified by your human resources person, and submit directly to a local Social Security office.
- When you receive your Medicare identification card, sign it and submit for Medicare Part B reimbursement.

Scenario 8: You're married and working for the NYC Department of Education. Your spouse is eligible for Medicare.

- Medicare is your spouse's secondary coverage, and he or she need not enroll now. Return the identification card to Social Security.
- Your spouse maintains your CSA Welfare Fund benefits. The CSA Welfare Fund prescription drug benefit is considered credible coverage with respect to Medicare Part D and will not incur a penalty by not enrolling in a Medicare Part D plan at this time
- Three months before you retire, complete a Special Enrollment Period (SEP) form for spouse, have it certified by your human resources person, and submit directly to a local Social Security office.
- Your spouse will now receive a Medicare identification card.

Scenario 9: You're working for the NYC Department of Education and your domestic partner becomes eligible for Medicare.

- The federal government does not recognize domestic partner-

ships. Your domestic partner MUST enroll in Medicare Part B. If a domestic partner who is Medicare-eligible fails to enroll in Medicare during the appropriate time period, he or she will be penalized when the city employee retires.

- The CSA Welfare Fund will cover prescription drugs for your domestic partner as long as you remain an in-service member.
- When you retire from the DOE, your domestic partner must immediately enroll in a Medicare Part D prescription drug plan to avoid penalties.

Last, but not least: What do we mean by "You must enroll in Part B to avoid penalties"? For each 12-month period you delay enrollment in Part B, you will have to pay a 10 percent premium penalty. The penalty is calculated based on the standard Part B premium, \$104.90, even if you pay a higher premium because of IMRAA. So if you turned 65 in 2012, had no exemption status and didn't sign up for Medicare Part B until 2014, you'll pay a 20 percent penalty or \$19.98 more a month for Medicare Part B.

