

# 2022 Medicare Fact Sheet

*Lockton Companies*



# Medicare coverages

Part A	Part B	Part C	Part D
<p>Medicare enrollee receives</p>	<p>monthly premium.</p>	<p>(or have financial incentives benefits. To enroll in a Part Advantage premium.</p>	<p>prescription drug benefit. Like Part C, drug benefits under Part approved by Medicare.</p>

These policies fill in the "gaps" in Medicare basic coverage (Parts A and B). Medigap coverage pays some or all medical expenses not paid by Part A or B, except for the Part B deductible. There are many standardized, Medicare-approved policies to choose from, though insurers may not offer all of these plans in a given area. Various benefit levels and premiums are available.

# Eligibility & enrollment

A person may qualify for Medicare on the basis of age (at 65, currently) or disability. Special eligibility rules apply in the case of end-stage renal disease (ESRD). Generally, to be eligible for Medicare, a person must be eligible to receive Social Security benefits. Contrary to popular belief, Medicare enrollment does not necessarily occur automatically at age 65, as noted below.

## *Part A*

If a person is receiving Social Security benefits at the time they attain age 65, enrollment in Part A is automatic.

If a person is not receiving Social Security benefits when approaching age 65 but is eligible for those benefits, the person may enroll in Part A during a seven-month "initial enrollment period." This period begins three months prior to the month the person attains age 65, and extends for three months after the month in which the person attains age 65. If the person enrolls in Part A during this period, the person may also add Part B (see discussion below).

Most individuals are automatically enrolled in Part A if they are already receiving Social Security benefits when they turn 65. If you are not receiving Social Security benefits when you turn 65, you will have an initial enrollment period to sign up for Part A. This period begins three months before the month you turn 65 and ends three months after the month you turn 65. If you sign up for Part A during this period, you can also sign up for Part B.



## *Part C*

Generally, Part C enrollment is tied to one of the three Medicare enrollment periods for Part B (referenced above) that apply to the enrollee's specific situation, but there are differences, particularly as relates to special



## *Part D*

The Part D enrollment scheme is similar to but slightly different from Part B's and Part C's. To enroll in Part D, a person must also be enrolled in Parts A and/or B. Thus, a Medicare-eligible person may enroll in Part D upon first becoming eligible for Medicare (assuming the person also actually enrolls in Parts A and/or B at that time).

If a Part D-eligible person delays their enrollment in Part D after first becoming eligible for Part D coverage (for example, the individual wants to voluntarily jump to Part D from employer- or union-based drug coverage that is creditable, or just as good as Part D), the person may enroll during Part D's annual enrollment period, which runs from Oct. 15 to Dec. 7.

Note, however, that if at such later time the person begins coverage under Part D, the person has gone 63 days or longer without prescription drug coverage that is creditable (i.e., as good as Part D's drug coverage), Medicare may impose a late enrollment penalty. The Part D premium increases by at least 1% of the premium the enrollee would have paid had they enrolled when first eligible to do so, for every month that they did not have creditable coverage. This late enrollment penalty does not apply if the person signs up for Part D when first eligible, as noted above, or during a Part D special enrollment period, as noted below.

Part D-eligible individuals who leave employer- or union-based coverage (including COBRA coverage) or who lose or gain Medicaid coverage may join a Part D plan during the two full months after the month the other coverage ends. Part D-eligible individuals who move back to the U.S. after living abroad may join Part D any time up to two full months after the return to the U.S.

A Part D-eligible individual who involuntarily loses prescription drug coverage that was at least as good as Medicare coverage (creditable coverage) may join a Part D plan any time during the two full months following the month in which the creditable coverage is lost (the coverage may be lost, for example, where the employer or union terminates the plan or amends the plan to make the individual ineligible). Similarly, a Part D-eligible person whose drug coverage changes from creditable to noncreditable may join a Part D plan any time during the two full months following the month in which the individual receives notice that the coverage is no longer creditable.

Part D-eligible individuals who live in an area served by at least one Part D plan with a five-star rating may join a five-star plan at any time during the year for which the plan has the five-star rating (the individual may join just once per year, however).

Individuals may switch Part D plans if they move to a new address that isn't in their Part D plan's service area, or there are new Part D options available for the area to which they move. They may switch any time up to the end of the second full month after the month in which they move.

Similarly, individuals may join or drop a Part D plan, or move between Part D plans, when they move into, currently live in, or move out of an institution such as a skilled nursing facility or long-term care hospital. They may join, switch, or drop coverage while in the institution and for two full months after the month they leave the institution.

## *Medigap coverage (Medicare supplement)*

Medigap coverage is coverage sold by private insurance companies. It fills the gaps in coverage under Medicare and may pay for deductibles, copayments and coinsurance, for example. Some Medigap policies cover services Medicare doesn't cover. Medigap policies come in standardized policies identified by letters (A to N). Different

**COST-SHARING SCHEDULE:**

Inpatient deductible, days 1-60	\$1,556.00
Daily coinsurance, days 61-90	\$389.00
Daily coinsurance, 60 reserve days	\$778.00
Daily coinsurance, skilled nursing	



# Coordinating coverage with Medicare

Generally, where a person has employer-provided coverage due to their own (or a relative's) employment status, the group plan pays first and Medicare pays second, where Medicare coverage is on account of age. An exception applies for employers with fewer than 20 employees.

Where Medicare coverage is on account of disability, the group plan still pays first if the coverage is due to current employment status and the employer has at least 100 employees. This means, for example, that Medicare will pay second for a Medicare-disabled spouse of an employee whose employer-based coverage is due to current employment status with a large employer. But Medicare will typically pay first for an employee who is out on long-term disability, because that employee's employer-supplied coverage would not be due to current employment status.

Where Medicare coverage is due to end-stage renal disease, generally the group plan pays first for 30 months and then Medicare becomes the primary payer.

## Considerations

Here are some actions employees may want to take if they are at or approaching age 65, covered under an employer group plan, and have not applied for Medicare Part A or B:

Employees and/or dependents who have reached their full retirement age (based on birth year) may choose to file for Social Security benefits then if they haven't already done so. If the person wants to defer Social Security retirement benefits beyond age 65 to the date they may receive unreduced Social Security benefits, that person should consider applying for Medicare Part A at age 65, unless they are enrolled in their employer's high-deductible health plan (HDHP) and enjoy contributing to a health savings account (HSA). Enrolling in Medicare will cause the person to be ineligible to make contributions to an HSA. For people who delay enrollment in Part A past age 65, Part A coverage is retroactive for six months (but not to a date prior to the person's 65th birthday). Consequently, a person who delays enrollment in Part A might consider stopping contributions to the HSA six months before an application is filed for Part A, particularly if the person is making maximum monthly contributions.

Employees and/or dependents may want to consider declining Part B and Part D coverage during the Social Security benefit application process if they are currently working and have medical and creditable prescription coverage through an employer- or union-sponsored group plan. The person should consider enrolling in Part B, however, during the eight-month special enrollment window after the earlier of the date that coverage, or the employment on which it was based ends. At the time of retirement, or at the date the other drug coverage becomes "noncreditable," the person should consider enrolling in Part D as well.

Once enrolled in Medicare Part B, the enrollee automatically begins their Medigap "open enrollment period." Enrollees should consider purchasing Medigap coverage at this time. This is a one-time, six-month open enrollment period, and once it begins it cannot be changed or restarted.

Medicare-eligible individuals should review all individual supplement insurance options available in their city and state prior to deciding which policy (if any) to purchase.





