

Medicare and Employer-Sponsored Plans

Many people who are eligible to enroll in Medicare are also eligible to enroll in other group insurance plans. To invest your healthcare dollars wisely, it is important to consider any other coverage you may have available to you in making your decision about when to enroll in Medicare.

Do I need to enroll in Medicare if I have an employer-sponsored health plan?

If you are 65 or older and are covered by an employer or union sponsored group health plan that pays for most of your medical care, through your own or your spouse's active employment, you may not need the additional coverage that Medicare would provide. You may choose to wait to enroll in Medicare Parts B or D until you are no longer covered by your or your spouse's employer or union group plan, when the Medicare coverage you select will provide additional coverage that is worth the additional premium costs.

What are the advantages to postponing enrollment in Medicare if I am covered by my own or a spouse's employer-sponsored plan?

- 1) **Saving on Medicare Part B premiums.** While you are not yet enrolled in Medicare Part B, you will not have to pay the Part B monthly premium. This may be well worth the savings if your employer-sponsored plan covers the same services at similar or higher benefit levels as Medicare Part B would.
- 2) **Preserving your opportunity to enroll in a Medigap Plan.** If you do enroll in Medicare Part B, the 6-month Medigap Open Enrollment period, when you are guaranteed coverage through a Medigap plan, starts and cannot be extended. You can still try to enroll in a Medigap plan later during a subsequent annual General Enrollment Period, but you are not guaranteed the issuance of a Medigap policy, your premium costs may be higher, and you may have to wait months to a year for your new Medigap plan to start covering you.
- 3) **Continuing to be able to contribute to a Health Savings Account if you are enrolled in an employer-sponsored qualifying High Deductible Health Plan.** If you postpone both Medicare parts A and B, and notify the Social Security Administration of this in writing, you and your employer can continue to contribute to an HSA account.

- 4) **Protection against late enrollment penalties for Medicare:** Coverage through an active employer-sponsored group plan provides for a **Special Enrollment Period** when the employer-sponsored group plan coverage does eventually end. During the **SEP**, you can enroll in Medicare without the premium penalties you would otherwise incur for not enrolling when first eligible to do so. Keep in mind that this protection does *not* apply if you are enrolled in a *retiree*-sponsored group health plan or are enrolled in a group health plan through a *domestic partner* rather than a married spouse.

For more information, please see our *Delaying Medicare Part B, Medicare Supplement Insurance Plans*, and *Health Savings Accounts for those Approaching 65* tip sheets.

If I enroll in both Medicare and an employer-sponsored plan, which plan pays first?

If you are enrolled in Medicare and are covered by an employer-sponsored group health plan through your own work or your spouse's work, the question remains: which plan pays first? If the beneficiary is entitled to benefits from another insurer first, Medicare will make secondary payments on a claim only *after* the primary insurance has processed the claim for those services..

When the Medicare Program pays secondary to another insurance plan, this is referred to as **Medicare Secondary Payer (MSP)**.. MSP refers only to scenarios in which another insurer would be liable *before* Medicare. This provision does not include Supplemental/Medigap Plans, which pay *after* Medicare processes a claim It is very important that Medicare is made aware if you have other insurance in order to avoid delays in having your health insurance claims processed or having them processed incorrectly.



How Medicare Secondary Payer Works: An Example

Let's say Harry is almost 65 and is getting ready to retire and enroll in Medicare. Harry's wife Jane, 63, works for a company with more than 20 people. Both Harry and Jane have health coverage through Jane's employer's group health plan. Harry receives and fills out his Initial Enrollment Questionnaire, letting Medicare know that he has coverage through his wife's employment. Once Harry becomes entitled to Medicare, his wife's coverage will pay Harry's claims first, and Medicare will pay second.

Primary and Secondary Payment

If You...	Condition	Pays First	Pays Second
Are 65+, covered by a group health plan because you are currently working or are covered by your working spouse's group health plan	If the employer has fewer than 20 employees	Medicare	Group Health Plan
	The employer has 20 or more employees	Group Health Plan	Medicare
Are under age 65, disabled, and are covered by a group health plan due to your current work, or by your spouse's current employer's group health plan	The employer has fewer than 100 employees	Medicare	Large Group Health Plan
	The employer has 100 or more employees	Large Group Health Plan	Medicare
Have End-Stage Renal Disease (permanent kidney failure), and Group Health Plan coverage	First 30 months of eligibility or entitlement to Medicare	Group Health Plan	Medicare
	After 30 months	Medicare	Group Health Plan
Have an employer sponsored retiree plan and are:	Not yet eligible for Medicare	Retiree Coverage	N/A
	Eligible for Medicare	Medicare	Retiree Plan

Additional Resources

Centers for Medicare & Medicaid Services

Medicare & Other Health Benefits: Your Guide to Who Pays First,

<https://www.medicare.gov/Pubs/pdf/02179-Medicare-Coordination-Benefits-Payer.pdf>

We hope this information has been helpful to you. For more information please contact Member Care Services.

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