

## Medicare Part B and Other Health Insurance

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People who receive Medicare coverage, either upon turning age 65 or after two years of SSDI disability benefits, often wonder whether they should attempt to keep their own health insurance or let it go. Medicare only covers part of some medical bills so it is tempting to try to keep existing health insurance in force as well, especially if the other insurance has good prescription drug coverage.

Medicare Part B – Medical coverage is voluntary, and those who enroll in it have the premiums (\$78.20 per month in 2005) deducted from their Social Security monthly payments. Part B Medicare covers charges by physicians, laboratory tests and X-rays among other non-hospital charges. Many people with other health insurance will decline Part B Medical coverage, thinking that with the other health insurance, they may not need to pay for it. That may or may not be true. It depends on the source and type of the other health insurance.

For people who have Part A Hospital Medicare but have declined Part B, the first quarter of each year (January 1 through March 31) is the time when they may enroll in Part B coverage. See “*Enrolling in Part B Medicare*” below. Considering the impact of other health insurance on Medicare coverage may help decide whether Part B is necessary.

Other health insurance usually comes from several sources, each of which affects Medicare differently:

**Employer/Union based health insurance.** This coverage may come from a working spouse, a full-time employee over age 65, or from a former employer who continues health insurance for disabled employees. Medicare will coordinate their payments with other group insurance from employers or unions. One plan will be determined to be Primary, and it will pay its full benefits. The Secondary Plan will cover all that the Primary plan didn't cover up to its own maximum benefit. Generally the result of these payments is that medical bills are paid in full.

Medicare has a set of rules to determine which plan is Primary and which is Secondary. It depends on such factors as the size of the employer, whether the coverage is coming from active employment, such as the spouse or working past age 65, or from retiree/disability continuation coverage, and whether the beneficiary is age 65 or over or under 65 and disabled. It even matters whether the Medicare is due to End Stage Kidney Disease or Amyotrophic Lateral Sclerosis (ALS) disease.

The rules are complicated enough that Medicare publishes a booklet, “*Medicare and Other Health Benefits: Your Guide to Who Pays First.*” (Publication No. CMS-02179). This may be ordered online at [www.medicare.gov](http://www.medicare.gov) or by calling 1-800-MEDICARE.

The booklet describes the coordination rules for all types of group health coverage and also covers rules on coordination with workers compensation benefits, no-fault or

liability insurance benefits, veterans' benefits, TRICARE and other military health programs, Federal Black Lung Benefits, and continuation coverage under COBRA.

Under most of these types of coverage, it may not be necessary to enroll in and pay for Part B Medicare as long as the other coverage remains in force and assuming the other insurance is broad enough to pay most or all of those charges. However, it is important to read the health plan document to make sure.

**Individual health insurance policies.** The booklet mentioned above does not deal with individual health insurance policies at all. Yet, many people who have individual health insurance want to retain it to cover the things that Medicare has not traditionally covered, such as prescription medication.

While the rules make many concessions for group health coverage, persons with individual health insurance may find themselves missing a major part of their coverage if they don't plan carefully.

This is because the rules of coordination of Medicare and other coverage do not apply to individual health plans. In the absence of any special wording in the health contract, both Medicare and the health plan would pay their full benefits, actually providing double coverage in some cases. Most individual health policies, however, have wording in the contracts to prevent this.

The typical individual health plan will contain a statement about Medicare benefits. Generally, it will say that the individual health plan will compute its benefits without regard to other coverage. However, before making any payment, it will subtract all payments made by Medicare. In addition, it will also subtract what Part B would pay, even if the insured person is not enrolled in Part B Medicare.

This accomplishes two things.

- First, unlike coordination with group health coverage, this allows the insurance company to reap the benefit of the other insurance since Medicare's benefits are subtracted from its regular benefit. Of course, there is generally no premium reduction passed on due to this savings.
- Secondly, people who thought they were saving money by not enrolling in Part B Medicare suddenly find that they are forced to pay far more of the medical bills out of pocket since the insurance company is subtracting the computed Part B benefits, even if none are actually paid.

**Enrolling in Part B Medicare.** You must enroll in Medicare through the Social Security Administration, either in person, by phone, or online. The same applies to enrolling in Medicare Part B. There are three types of enrollment for Medicare Part B.

- **Initial Enrollment Period.** You can enroll in Part B Medicare with the Social Security office eight months before and four months after becoming eligible for Medicare benefits. If you enroll during this period there are no penalties and your

coverage will be effective on either the date of eligibility or the first of the month after enrolling, whichever is later.

**NOTE:** If you are already receiving Social Security monthly benefits, either early retirement or disability, at the time you become eligible for Medicare, you will automatically be enrolled in both Part A and Part B and will receive your Medicare card in the mail approximately two months before it becomes effective. If you choose not to take Part B, you return the card and request Part A only.

- **Special Enrollment Period** is available when you did not enroll in Part B Medicare because you were covered by an employer or union group health plan. There is generally no penalty added to the premiums for enrolling in Part B during the Special Enrollment Period.

Under the Special Enrollment Period, you may enroll:

- Anytime you are still covered by the employer or union group health plan through you or your spouse's current or active employment, or
- Within 8 months of the date when the employer or union group health plan coverage ends, or the employment ends, whichever is first.

**NOTE:** Your right to a Special Enrollment Period lasts as long as you are covered under an employer group health plan. For example, if you originally enrolled in Part B and later realized you didn't need it because of your employer group coverage, you can drop Part B and still have a guaranteed right to add it back without penalty just before the employer group coverage ends.

- **General Enrollment Period** is available each year if you did not enroll during the Initial Enrollment Period and are not eligible for the Special Enrollment Period. People who enroll during this period generally must pay a penalty.
  - You may enroll in the first three months (January 1 through March 31) of any calendar year;
  - Coverage will be effective the following July 1; and,
  - You will have to pay a premium surcharge penalty for enrolling during a general enrollment period. The penalty is 10% additional for each full twelve month period from the expiration of the Initial Enrollment Period to the end of the General Enrollment Period during which you enroll. Once imposed, you pay the surcharged premium as long as you have Part B.

If you were one who originally declined Part B Medicare and have now realized that you do need it, this is the time to enroll in the coverage since the General Enrollment Period will last until March 31.