

MANDATORY MEDICARE



Mayor Martin J. Walsh

RETIREE HEALTH & LIFE INSURANCE



- In order to be eligible for retiree health benefits through the City of Boston, the retiree must be collecting a monthly retirement check
 - Health insurance premiums are withheld one month ahead from monthly retirement check
 - Retirees pay the same percentage of the health insurance premium as active employees for non-Medicare plans (Retiree amount is lower for Medicare plans)
- Retiree health insurance enrollment follows the same rules as coverage for active employees:
 - Retirees can newly enroll in or change plans during the annual open enrollment period each Spring
 - Retirees can enroll due to a loss of coverage
 - Retirees can add dependents due to a qualifying event such as marriage or loss of coverage
- Upon retiree's death, their surviving spouse may continue coverage at the same rate as while the retiree was alive
 - Pension choice (Option A, B or C) does not affect surviving spouse's eligibility for continued health insurance
 - Surviving spouses are no longer eligible for health insurance if remarried
 - Ex-Spouses are offered COBRA upon the retiree's death

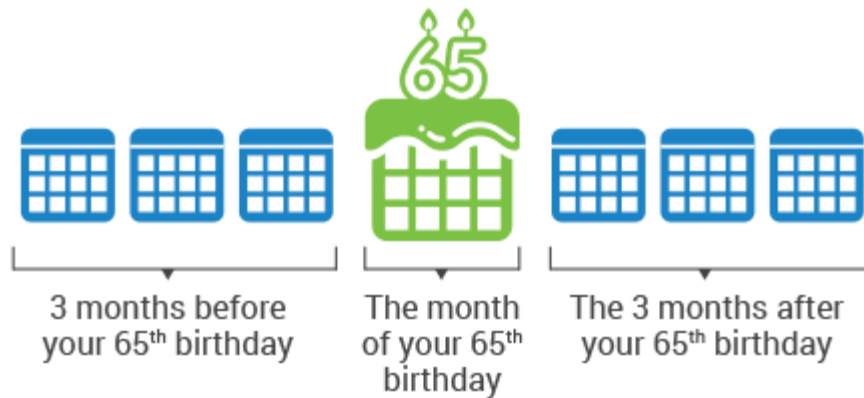
- Retiree (and spouse) under age 65 at time of retirement, may remain on current non-Medicare plan until they reach age 65
 - If living out of plan service area (Massachusetts) for more than 90 days, must enroll in the PPO plan
- Three months before 65th birthday of retiree/spouse, a letter will be mailed to notify them of their obligation to apply for Medicare Parts A & B
 - If only the retiree or spouse is turning age 65 and is eligible for Medicare, that individual will transfer to the Medicare Supplement plan and the other will remain on an individual non-Medicare plan until they turn 65

MEDICARE ENROLLMENT PERIODS



- The Initial Enrollment Period (IEP) is the first time a retiree can sign up for Medicare.

When Is My 7-Month Initial Enrollment Period?



- Example: Susie turns 65 on May 6. Therefore, her IEP is from Feb to Aug
- If Susie signs up for Part B:
 - During Feb, March or April, her coverage starts May 1 (her birthday month)
 - During May, her coverage starts June 1
 - During June, her coverage starts August 1
 - During July, her coverage starts October 1
 - During August, her coverage would not start until November 1

Initial Enrollment: When Part B Begins

Sign-up Date	Coverage Begins
During the 3 months before your 65 th birthday	The 1 st day of your birthday month
During your birthday month	The 1 st day of the month after your birthday
During the month after your birthday month	3 months after your birthday month
During the 2 nd month after your birthday month	5 months after your birthday month
During the 3 rd month after your birthday month	6 months after your birthday month

- Retiree and/or spouse is age 65 or older at time of retirement and not covering dependent(s) under age 26:
 - Must apply for Medicare Parts A & B
 - Health Benefits Department will complete “Request for Employment Information” form required by Social Security.
- If eligible, must enroll in Parts A & B and transfer to Medicare Supplement Plan
 - If only retiree or spouse is age 65 and is eligible for Medicare, that individual will transfer to the Medicare Supplement plan, and the other will remain on an individual non-Medicare plan until they turn 65 (one over / one under)
- If ineligible may stay on current non-Medicare plan
 - Must provide proof - letter on Social Security letterhead
 - If living out of plan service area (Massachusetts) for more than 90 days, must enroll in PPO plan

- Retiree and/or spouse is age 65 or older at time of retirement and covering two or more dependents – *Family Exempt*

Medicare Enrollment

- Enroll in Medicare Part A if eligible for free
 - Defer enrollment in Medicare Part B until dependent ages off plan end of month of 26th birthday
 - Once dependent off plan, apply for Medicare Part B during General Enrollment Period (Jan 1st – March 31st) for a July 1st effective date
- OR**
- Enroll in Medicare Part A (if eligible for free) and Medicare Part B
 - Provide copy of Medicare card to Health Benefits Department
 - While Family Exempt eligible, the City will refund 100% of Part B premiums (reimbursed in July retirement check for the previous calendar year premiums)

- If an individual is actively working for the City and turns age 65
 - Can enroll in Medicare Part A if eligible for free
 - Defer enrollment in Medicare Part B until retirement
- Spouse covered as a dependent, actively working and age 65 or older, and City of Boston employee is retired
 - Spouse is required to apply for Medicare Parts A & B and transfer to a Medicare Supplement Plan in order to maintain eligibility for health insurance coverage through the City

- Effective July 1, 2011, Chapter 69, the Acts of 2011 mandated that all cities and towns require retirees age 65 and older to apply for Medicare Parts A & B and if eligible, to transfer to a Medicare Supplement plan in order to continue their health insurance coverage
 - This includes:
 - Retirees
 - Retiree spouses
 - Medicare-eligible dependent children (disabled)
 - Surviving spouses
 - Required to enroll if eligible for Medicare Part A for FREE

MA GEN L CH 32B § 18A

- Section 18A. (a) A retiree, spouse or dependent insured or eligible to be insured under this chapter, if enrolled in Medicare Part A at no cost to the retiree, spouse or dependent or eligible for coverage under Medicare Part A at no cost to the retiree, spouse or dependent, shall be required to transfer to a Medicare health plan offered by the governmental unit under section 11C or section 16, if the benefits under the plan and Medicare Part A and Part B together shall be of comparable actuarial value to those under the retiree's existing coverage, but a retiree or spouse who has a dependent who is not enrolled or eligible to be enrolled in Medicare Part A at no cost shall not be required to transfer to a Medicare health plan if a transfer requires the retiree or spouse to continue the existing family coverage for the dependent in a plan other than a Medicare health plan offered by the governmental unit.

- Retiree/spouse could be eligible for Medicare Part A for free if:
 - Have worked 40 credits into Social Security
 - Have a current spouse, former spouse or deceased spouse who worked 40 credits into Social Security
 - Paid the Medicare tax (City employees hired after July 1, 1987 have paid the Medicare Tax)
 - Have Military service that counts
- This list is not comprehensive: Even if retiree/spouse believes they are not eligible for Medicare, retiree/spouse must complete the process of applying through Social Security for enrollment or denial.

Medicare Part A is Hospital Insurance

- In general, Part A covers:
 - *Hospital care*
 - *Skilled nursing facility care*
 - *Hospice*
 - *Home health care*
- This is not long term care, limits apply
- Part A is premium FREE (if retiree, spouse or former spouse have earned 40 credits)

Medicare Part B is Medical Insurance

- Part B will cover:
 - *Medically necessary services: Services or supplies that are needed to diagnose or treat your medical condition and that meet accepted standards of medical practice.*
 - *Physician care, including Mental Health*
 - *Ambulance Services*
 - *Durable Medical Equipment*
 - *Preventive Services: Health care to prevent illness (like the flu) or detect it at an early stage, when treatment is most likely to work best (Preventive screenings, flu or shingles vaccines)*
- Part B has a monthly premium

MEDICARE PART B PREMIUMS



- Medicare Part B has a standard premium of **\$144.60 per month per participant** (*premium subject to change annually on January 1st*)
- Income Related Monthly Adjustment Amount (IRMAA)
 - *If income, according to tax returns, exceeds a certain threshold, the retiree/spouse is charged more for Medicare Part B premium. (Calculation based upon 2-year prior tax return)*

File Individual Tax Return	File Joint Tax Return	2020 IRMAA Surcharge	2020 Total Premium
\$87,001 - \$109,000	\$174,001 - \$218,000	\$57.80	\$202.40
\$109,001 - \$136,000	\$218,001 - \$272,000	\$144.60	\$289.20
\$136,001 - \$163,000	\$272,001 - \$326,000	\$231.40	\$376.00
\$163,001 - \$500,000	\$326,001 - \$750,000	\$318.10	\$462.70
Greater than \$500,000	Greater than \$750,000	\$347.00	\$491.60

- If collecting a Social Security check, Part B premium will be withheld from Social Security check
- If not collecting a Social Security check, will be billed on a quarterly basis for Medicare Part B premium. Must pay this invoice or will lose Medicare Part B .

MEDICARE PART B PREMIUM REFUND



- Annually in July, the City will refund 50% of the amount paid for Medicare Part B premiums while enrolled in a City of Boston Medicare Supplement plan.
- The refund is issued in the July retirement check for the previous calendar year.
 - *For example, the refund issued in July 2020, is for Part B premiums paid in Jan – Dec 2019 contingent on enrollment in a City’s Medicare Supplement plan.*
- The City will automatically refund based on the standard monthly Medicare Part B premium amount
 - If more is paid due to IRMAA, proof of payment required no later than April 1st each year
 - Social Security 1099
 - Letter on Social Security letterhead stating how much was paid

LATE ENROLLMENT PENALTY (LEP)



- Penalty charged by Medicare for individuals who missed Initial Eligibility Period for Part B and not actively working
 - Next opportunity would be during the General Enrollment Period (GEP) from January 1st – March 31st for coverage effective July 1st
- The penalty is charged for lifetime
- LEP is paid 100% by City for Family Exempt retirees if waive Medicare Part B enrollment until dependent(s) reach age 26

- Basic Term Life Insurance Policy – \$5,000
 - *Please encourage retirees to update their beneficiary!!!*
- Premium is paid through monthly retirement check or direct bill
 - *Same contribution to premium as active employees*
- Optional Life Insurance
 - The cost will increase upon retirement.
 - Premium is paid through monthly retirement check or direct bill
 - Must notify Health Benefits if wish to cancel this benefit, it will automatically continue otherwise
 - Policy terminated once the retiree reaches age 75
 - The policy may be converted directly with the life insurance company; information will be mailed at that time.

MANDATORY MEDICARE ENFORCEMENT

WHY IS IT IMPORTANT TO COMPLY W/ MANDATORY MEDICARE?



- **The law:** MA Gen L Ch 32B § 18A
- **Trust Fund saves money:** Medicare Parts A and B are primary insurance for retirees for hospital and medical claims. In other words, Medicare pays the majority of medical claims instead of the Trust Fund.
- **Late enrollment penalty (LEP):** Lifetime penalty the City pays for members that miss initial eligibility period.
- **Member saves money:** Lower monthly premiums; City's Supplements are \$45-\$55/month.
- **Coordination of benefits:** Problems arise because there are two primary insurances. Retiree with Medicare A & B remaining on a non-Medicare plan (and delaying City's Medicare Supplement) essentially has 2 primary insurances. This causes billing issues as each plan looks to the other to pay as primary.
- **Carriers deny claims:** Insurance carriers look for Medicare Part B for retirees who have enrolled in Part A. Claims are denied because retiree did not enroll in Part B and a Supplement Plan. This results in billing issues and stress for retirees. The City has to write "delay" letter to carrier to approve a non-Medicare plan as primary insurer until retiree enrolls in Part B in General Enrollment Period.

- Starting September 2019, targeted outreach for retirees/retiree spouses identified as out of compliance with the Mandatory Medicare law
 - Multiple attempts (letters, phone calls, & emails) to urge these retirees/retiree spouses with Medicare Parts A & B to enroll in City's Medicare Supplement OR to apply for Medicare B in the General Enrollment Period (Jan 1 – March 31).

HISTORICAL DATA *(as of 08/07/20)*



- HBI has identified the following information:

Issue	Remaining Count of Retiree/Retiree Spouse
Have Part A, never enrolled in Part B ⁽¹⁾	58
Have Part A & B, never enrolled in City's Medicare Supplement plan ⁽²⁾	34

- (1) Sent 125 letters to retiree/retiree spouse notifying that they must enroll in Medicare Part B during the general enrollment period (GEP) that runs January 1st – March 31st and then City Medicare Supplement plan.
 - 67 enrolled in Part B of which 57 have moved to a City Medicare Supplement plan
- (2) Sent 222 letters to retiree/retiree spouse notifying that they must enroll in a City Medicare Supplement plan due to already having Part A & B
 - 188 retiree/retiree spouses have already enrolled in a City Medicare Supplement plan, deceased, or dropped City's coverage; remaining 34 have not transitioned regardless of multiple communication attempts

CURRENT DATA *(as of 08/07/20)*



Birthday Month	Total Retired Members	Family Exempt	Medicare Ineligible	Moved to Supp Plan	No Action ¹	Other ²
September 1954	22	-	5	15	2	-
October 1954	21	2	-	16	3	-
November 1954	28	2	5	18	3	-
December 1954	38	1	6	29	2	-
January 1955	34	2	2	28	2	-
February 1955	49	4	7	36	1	1
March 1955	42	2	3	34	3	-
April 1955	29	2	5	20	1	1
May 1955	31	6	1	23	1	-
June 1955	38	4	2	27	5	-
July 1955	48	4	3	26	14	1
August 1955	46	4	1	14	25	-

¹ No action may include having Part A or having both Part A & B but never moving to a City Medicare Supplement plan

² Other includes deceased or terminated City coverage

COMMUNICATION TIMELINE



- HBI will terminate coverage for retiree/retiree spouse that is not considered family exempt and takes no action effective 1st of the 4th month following their 65th birthday (if applicable, this termination includes eligible dependent)

Communication Method	Date	Example (DOB 1/2/1955)
1 st letter	3 months before 65 th birthday	October 2019
2 nd letter	Month of 65 th birthday	January 2020
Email and call (if contact info available)	Month following 65 th birthday	February 2020
3 rd letter (certified)	2 nd month after 65 th birthday	March 2020

- Per above example, coverage would terminate effective May 1st, 2020
- The 44 members who have Part A & B but have not enrolled in a City Medicare Supplement plan will receive a certified letter indicating their non-Medicare plan will terminate effective October 1st if no action is taken



- **QUESTIONS?**
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