

Medicare Basics 2013 for Working Seniors and Dependents – Who Is Eligible, HSA Rules and Domestic Partner Coverage

You're beginning to see the landscape change for Medicare, and as more and more people working past the age 65, HR professionals are having to navigate mine fields to ensure the right people are getting the right benefits at the right time.

Medicare Basics:

- Active employees who are over age 65 who work for employers with more than 20 employees can remain on the employer plan as their primary coverage. They do not need to enroll in Medicare B. Many people enroll in Medicare A when they turn 65 because it is free, and acts as a secondary back up.
- This same active employee (works for a company with more than 20 employees), may keep his "traditional spouse" on his medical plan whether the spouse is under or over age 65. The employer plan is the spouse's primary coverage. Medicare will be secondary if the spouse enrolls. In this situation the "traditional spouse" is not required to enroll in Medicare B. They can elect Medicare A.

HSA Rules:

- Employees cannot enroll in an HSA plan and also have Medicare. Once one is eligible and enrolls in Medicare, HSA contributions are no longer allowed. Employees may continue to use the funds already in the plan to pay out-of-pocket expenses (including Medicare B premiums), but they are no longer allowed to contribute to an HSA once enrolled in Medicare A or B. This applies to spouses as well. As an active employee in an HSA, he may not use funds to pay for his spouse's medical expenses once the spouse enrolls in Medicare.
- However, if one is an active employee or a "traditional spouse" of an active employee, he can continue coverage under the HSA plan if he opts out of Medicare A and B. Caution: Employees may not opt out of Medicare if they have been receiving Social Security benefits, unless they are willing to pay back all benefits received to date.

Special Enrollment Periods:

- In the above scenarios, no penalties are assessed when the employee and/or spouse apply for Medicare in the future. As long as the employee is actively working and has had continuous group coverage, the employee/spouse can apply for Medicare during a "special enrollment period" following loss of coverage. This "special enrollment period" is the 8 months following job end date or loss of coverage date whichever comes first. This is an important timeframe. Employees cannot wait until the end of severance or COBRA continuation to apply for Medicare. They must enroll within the 8-month "special enrollment period" or pay a penalty for future premiums and may have a gap in coverage.

For domestic partners the rules are different.

- If you are in a same-sex marriage or opposite sex partnership and receive health insurance from your partner's employer as his or her dependent, you will not be entitled to a "special enrollment period" if you delay signing up for Part B—even if you are legally married under the laws of your state or country. The federal government does not recognize any partnerships other than traditional marriage. So to avoid late penalties in the future when your partner stops work, you should sign up for Part B at age 65.

ABOUT BENEFIT ADVOCATES:

Headquartered in Winston-Salem, NC and founded in 2001, Benefit Advocates provides health and benefits advocacy services to individuals and large and small businesses nationwide. Benefit Advocates is certified by the Women's Business Enterprise Council (WBENC) – the nation's largest certifier of businesses owned and operated by women. For more information, please visit our website at www.benefitadvocates.com.