

Medicare Factsheet

The following Medicare Factsheet has been created to assist current and retired LANL employees with understanding Medicare.

For your convenience, this factsheet has been divided into the following two sections:

- ◆ Section 1: Understanding Medicare
- ◆ Section 2: Your Employment Status and Medicare

NOTE: Those with questions about Medicare are encouraged to visit the national Medicare handbook, *Medicare & You*, at www.medicare.gov.

Section 1: Understanding Medicare

This section of the Medicare Factsheet is focused on defining Medicare. In this section you will be provided with a basic definition of Medicare, a summary of Medicare parts A, B, and C, eligibility details for Medicare, and contact information for the Social Security Administration.

Medicare Defined:

Medicare is the federal health insurance program administered by the Centers for Medicare and Medicaid Services (CMS).

Three Parts of Medicare:

Medicare has three parts: Part A, Part B, and Part D.

1. Medicare Part A (hospital insurance):

Helps you pay for hospital care, nursing facility care, or even, home health care and hospice care. It is usually an entitlement with no monthly premium because you (or your spouse, former spouse or deceased spouse) paid Medicare taxes while employed.

2. Medicare Part B (medical insurance):

Helps you pay for doctors, outpatient hospital care, and other medical services. Most people pay a monthly premium for Medicare Part B.

3. Medicare Part D (prescription drug insurance):

All Medicare prescription drug plans provide at least a standard level of coverage set by Medicare and considered Creditable Coverage. This means that LANL's medical plans, on average, are expected to pay-out the same or more dollars than the standard Medicare prescription drug coverage. LANL medical plans coordinate with Medicare Part D; you do not need to enroll in a Medicare Part D plan.

NOTE: To fully employ the benefits of Medicare, and potentially avoid incurring extra out-of-pocket expenses, you should only choose providers who accept Medicare's assignment.

Medicare Eligibility:

Medicare eligibility is determined by the Social Security Administration (SSA), not LANL.

- ◆ Most people become eligible for Medicare:
 - At age 65, or
 - Before age 65, after receiving Social Security disability benefits for at least 24 months.
- ◆ The SSA sends Medicare enrollment information approximately three months prior to your 65th birthday. You are responsible for contacting the SSA if you do not receive your Medicare enrollment prior to your birthday.
- ◆ If you are not eligible for Medicare under your work history, it is possible that you have attained eligibility under your spouse's work history. You should check with the Social Security Administration (SSA) to verify your status.

Contact Information:

For more information on Medicare you should contact the Social Security Administration at:

- ◆ Social Security Administration office toll free number: 1-800-772-1213
- ◆ Social Security Administration Santa Fe office: (505) 473-3707
- ◆ Social Security Administration Web Site: www.socialsecurity.gov

NOTE: More information on eligibility requirements to enroll in Medicare can be found within the LANL Health & Welfare Benefit Plan for Retirees SPD, http://lanl.gov/worklife/benefits/pdfs/plan_retiree.pdf, or *Medicare & You*, the national Medicare handbook, found at www.medicare.gov.

Section 2: Your Employment Status and Medicare

This section of the Medicare Factsheet is focused on providing information for how your personal employment status coordinates with Medicare. In this section you will be provided with three different employment statuses and details on how each status affects Medicare. The three examples given include: Medicare for active employees age 65 or older, Medicare for retired employees age 65 or older, and Medicare for returning retired employees.

NOTE: It is important to note that these examples are not specific titles for Medicare, but are merely provided so that you may understand how Medicare may work for you.

Medicare for Active Employees at age 65 or older:

If you are 65 or older and are still an active employee, your Medicare enrollment process is slightly different than if you were a retired employee.

- ◆ You **must** contact the Social Security Administration (SSA) to coordinate enrollment in Medicare Part A
- ◆ You do **not** have to enroll in Medicare Part B since you are covered under the LANL sponsored group insurance plan
- ◆ You keep your employer medical plan as your primary medical plan, with Medicare being secondary (in accordance with Federal regulation)

Medicare for Retired Employees at age 65 or older:

NOTE: Please be aware that once you retire, the LANL Benefits Office no longer manages your Health and Welfare benefits. These benefits are managed **solely** through Hewitt and Associates, *Your Benefit Resources*. You may contact Hewitt at: 1-866-934-1200, or visit Hewitt on-line at, <http://resources.hewitt.com/benefits/lanl/>.

- ◆ You **must** provide Hewitt and Associates, *Your Benefit Resources* with your Medicare HICN (this is your Medicare ID number) and effective dates (this will be the month you turned 65).
- ◆ You will have Medicare as your primary medical plan upon termination and retirement from LANL with your LANL medical plan being secondary. Your dependent(s) who are not Medicare eligible will keep the LANL group insurance as their primary insurance.
- ◆ Your plan will be changed by Hewitt and Associates, *Your Benefit Resources*, to your Medicare coordinated health insurance plan on the first of the month in which you turn 65. If you turn 65 on the first of the month, your health coverage will be coordinated beginning on the first of the month prior to your birthday.
- ◆ You as a retiree, disabled member, or enrolled family member eligible for Medicare benefits are required by LANS to enroll in Medicare Part A and Part B.
- ◆ You may be eligible to receive a reimbursement for your Medicare Part B monthly premium from LANL, through Mellon Bank. You should contact Hewitt and Associates for more information.

Medicare Part B—required enrollment for Retired Employees at age 65 or older:

If you are retired at age 65 or older you **must** enroll in Medicare Part B.

- ◆ If you are enrolled in a LANL-sponsored retiree medical plan, you and your enrolled family members are required to enroll in Medicare Part B as soon as you become eligible for Medicare Part A, usually at age 65.
- ◆ If you do not enroll in Medicare Part B when you are first eligible for Medicare Part A the Social Security Administration will add a monthly surcharge to your Medicare Part B premium.
- ◆ If you do not comply with this regulation, you may experience permanent loss of your retiree medical coverage.
- ◆ You must contact the Social Security Administration (SSA) to verify your eligibility.

NOTE: Medicare generally does not cover health services outside the United States; therefore, LANL waives its requirement that you enroll in Medicare Part B while you live outside the U.S. If you return to the U.S., benefits under Medicare Part A become available to you and you **must** enroll in Part B. Medicare may charge a higher premium when you re-enroll. Retirees who are living outside of the United States should contact Hewitt and Associates, *Your Benefits Resources* for guidance on plans that provide out-of-United States coverage.

Loss of LANL-sponsored Retiree medical for Retired Employees at age 65 or older:

If you are retired at age 65 or older you may lose your LANL-sponsored Retiree medical coverage for the following reasons:

- ◆ If you qualify for premium-free Medicare Part A and do not enroll in Medicare Part B.
- ◆ If you discontinue your Part B coverage at any time.
- ◆ If you assign your Medicare benefits to a non-LANL-sponsored medical plan.
- ◆ If you fail to make your LANL premium payments as required.

Calculating LANL benefit payments with Medicare:

The following is how to calculate the coordination of your LANL benefit payments with Medicare.

1. Calculate what would have been paid if no other insurance were involved; calculate as though you did not have Medicare coverage.
2. Using the total from your calculation, subtract the amount Medicare paid.
3. Your LANL-sponsored medical plan will pay the lesser of: the amount you calculated or the patient responsibility remaining after Medicare's payment.

How Medicare works with LANL Retiree Medical Plans:

United Healthcare or Anthem Blue Cross are the LANL retiree carriers.

- ◆ When you receive medical services, Medicare is the primary payer and your LANL health plan is secondary.
- ◆ When you seek care, you may see any Medicare provider (a doctor who has a contract with Medicare).
- ◆ If your Medicare provider "accepts assignment," that means he/she will accept the Medicare-approved rate for services.

Medicare and Returning to Active Employment after Retirement:

If you decide to return to work following retirement you should be aware of the following Medicare information.

- ◆ If you decide to return to active employment status, Federal law requires that your employer becomes your primary insurance carrier, and Medicare becomes your secondary carrier. To comply with this Federal regulation, you are required to cancel your retiree medical coverage, offered by LANL, or another Medicare coordinated

plan, and enroll in the employer's non-Medicare version of your medical plan (active employee medical coverage). You may choose to opt-out of LANL-sponsored medical coverage, by contacting *Your Benefits Resources* and elect to have Medicare coverage only.

- ◆ If you are eligible for active employee medical coverage, your local Benefits Office will advise you on the impact of your appointment on your Medicare enrollment. LANL health insurance will become your primary plan. Your premium will be deducted from your employee earnings and, in most cases, your premium will increase.
- ◆ If you are receiving any Medicare Part B reimbursement, it will stop. However, your enrollment in Medicare Part B will remain active.
- ◆ If your active assignment at LANL excludes you from having the option to enroll in employer provided health benefits (e.g., you are appointed by agreement, per diem, or your appointment is for less than 43.75 percent time), your retiree benefits will continue and Medicare will remain as your primary insurance.

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