

State Health Plan and Medicare: Frequently Asked Questions

Introduction

Medicare is our nation's health insurance program for people age 65 or older. Medicare may be available to people younger than age 65, under certain conditions. The program helps with the cost of health care, but it does not cover all medical expenses or the cost of most long-term care. Medicare is financed by a portion of the payroll taxes paid by employees and their employers, and in part, by monthly premiums deducted from Social Security checks. The [Centers for Medicare & Medicaid Services](#) is the agency in charge of the Medicare program. Medicare has four parts:

- Hospital insurance ([Part A](#)) helps pay for inpatient care in a hospital or skilled nursing facility (following a hospital stay), some home health care and hospice care. Part A is free for most people.
- Medical insurance ([Part B](#)) helps pay for doctors' services and many other medical services and supplies that are not covered by hospital insurance. The standard Medicare Part B premium is currently \$115.40 per month (but may be more, depending on your income).
- Medicare Advantage ([Part C](#)) plans are available in many areas. People with Medicare Parts A and B can choose to receive all of their health care services through one of these provider organizations under Part C.
- Prescription drug coverage ([Part D](#)) helps pay for medications doctors prescribe for treatment.

If you are close to turning age 65, you are probably receiving lots of offers for Medicare supplement plans. Following are some frequently asked questions that can assist you in making decisions about your State Health Plan coverage and Medicare. These are question most often received by the Benefits Office, and are not meant to be all-inclusive. For detailed information about Medicare, visit www.socialsecurity.gov or www.mymedicare.gov.

The following topics are available for review:

- While You Are Actively Employed
- Retirees' Health Plan and Medicare
- How to Enroll in Medicare
- State Health Plan and Medicare Coordination of Benefits
- Medicare Premiums and Deductible Amounts

While You Are Actively Employed

Q: I am turning 65 soon, but don't plan to retire yet. Do I need to enroll in Medicare?

A: While you are actively employed, the State Health Plan will continue as your primary coverage. You may enroll in Medicare Part A which is free, and would pay secondary to the State Health Plan.

Q: How do I enroll in Medicare Part A?

A: If you are in receipt of a monthly Social Security Retirement benefit, you will automatically be enrolled, and Medicare will send you an ID card that shows effective dates for both parts A and B. If you are currently working and only wish to enroll in Part A, turn the card over, mark the appropriate option to decline Part B and mail the card back to Medicare. A new card will be issued, showing only the effective date for Part A.

If you are not currently receiving a monthly Social Security Retirement benefit, it is recommended that you enroll 60-90 days prior to your 65th birthday. It takes about 10 minutes to [apply on-line for Medicare](#).

When you retire and subsequently enroll in Medicare Part B, your [Benefits Consultant](#) will assist you with the Medicare Part B enrollment through a special enrollment process. In addition to your Medicare Part B application, your Benefits Consultant will submit an employment verification memo that states the length of time you were covered by the State Health Plan as an active employee.

Q: Should I enroll in Medicare Part B while I am still working?

A: While you are still working, the State Health Plan continues as your primary coverage. Since the State Health Plan's benefits are more robust, and because the State Health Plan is "free" for full-time employees, most individuals wait until retirement to enroll in Medicare Part B. If you maintain your State Health Plan as primary coverage and wait until you retire to enroll in Part B, you will not be penalized.

If you choose to enroll in Medicare Part B and designate Medicare as your primary plan, State Health Plan coverage will end. If you choose to enroll in Medicare Part B, but maintain the State Health Plan as your primary coverage, Medicare Part B may offer little, if any, additional coverage to justify paying the Part B premium.

Q: Do I need to enroll in Medicare parts C and/or D?

A: When Medicare becomes your primary coverage, the State Health Plan will fill in as secondary coverage. Prescription drug benefits continue under the State Health Plan.

Q: I am turning 65 soon. What should I do with all of the Medicare supplement plan information I am receiving?

A: Most individuals who are employed at age 65 continue with the State Health Plan as primary coverage, and enroll in Medicare Part A as secondary coverage. Part A is free, and provides hospitalization benefits.

Q: My spouse is Medicare-eligible and I cover her/him as a dependent on the State Health Plan. What are my options?

A: While you are employed, the State Health Plan also continues as your covered spouse's primary plan. Your spouse may enroll in Medicare Part A, which is free, and would pay secondary to the State Health Plan. If your spouse chooses to enroll in Medicare Part B and designates Medicare as her/his primary plan, State Health Plan coverage will end. There is no reduction in the State Health Plan premium for spouse's coverage while you are actively employed.

When you retire, your spouse will need to enroll in Medicare Part B. Medicare A/B will become your spouse's primary coverage, and the retirees' group health plan will fill in as secondary coverage. The monthly cost of your spouse's retirees' health plan will be reduced as an off-set to the Medicare Part B premium.

Q: Is the retirees' health plan the most economical coverage for my Medicare-eligible spouse?

A: Historically, the retirees' group State Health Plan has provided covered spouses with robust benefits at an affordable cost. Due to an increase in premiums as well as out-of-pocket expenses, it may be more economical for your spouse to enroll in a Medicare Supplement plan.

Q: Where do I find more information on Medicare supplement plans?

A: The [North Carolina Seniors' Health Insurance Information Program \(NCSHIIP\)](#) is a no-cost resource for information and assistance with Medicare supplements, Medicare Advantage and Medicare prescription drug plans. Counselors are available to talk with you about coverage that is most suitable to your needs.

Q: How do I remove my spouse from my State Health Plan?

A: Click here for [instructions on making changes to your State Health Plan](#)

Q: Should I let the State Health Plan know about my Medicare enrollment?

A: About 30 days prior to your 65th birthday, the State Health Plan will send you (and/or your covered spouse) a form letter asking for an update on your employment and Medicare status. The form should be completed and returned to the State Health Plan, at the address that appears on the bottom of the form.

Retirees' Health Plan and Medicare

Q: What happens to my health insurance when I retire?

A: When you retire, your health plan coverage under the NC State University group will cancel and you will have the option to enroll yourself and eligible dependents in the retirees' group health plan. Retirees' group coverage becomes effective on the first of the month following your retirement effective date. If you are a TSERS retiree, the premium for dependent coverage is deducted from your monthly retirement payment. If you are an ORP (TIAA-CREF, etc) retiree, the State Health Plan will bill you for the monthly premium for dependent coverage.

Q: I am getting ready to retire and I am also Medicare-eligible. What happens to my current health plan?

A: Since you are Medicare eligible, you will need to enroll in Medicare Parts A (if not already enrolled) and B upon retirement. Medicare Parts A and B will become your primary coverage, and the State Health Plan will fill in as secondary coverage starting on the first of the month following your retirement date. Prescription drug coverage will continue under the State Health Plan.

Q: I am already enrolled in Medicare Part A. When (and how) do I sign up for Medicare Part B?

A: When you retire, your [Benefits Consultant](#) will assist you with the Medicare Part B enrollment through a special enrollment process. In addition to your Medicare Part B application, your Benefits Consultant will submit an employment verification memo that states the length of time you were covered by the State Health Plan as an active employee.

Q: Will I be penalized as a late enrollee if I wait until retirement to sign up for Medicare Part B?

A: No. Because of your active employment status and continued coverage under the NC State group health plan, Medicare plan rules allow for a "special enrollment period" when you retire. Your [Benefits Consultant](#) will submit verification of your NC State group health plan coverage to Medicare.

Q: How much does Medicare Part B cost?

A: The standard Medicare B premium in 2011 is \$115.40/month; however, you may be required to pay more, depending on your income. [More...](#)

Q: How is the Medicare Part B premium paid?

A: If you are in receipt of monthly Social Security retirement benefits, the Medicare B premium will be deducted from the payment. If you are not yet in receipt of Social Security retirement benefits, Medicare will bill you each month, for the Part B premium.

Q: What happens if I do not enroll in Medicare Part B?

A: If you are Medicare-eligible upon retirement and choose not to enroll in Part B, the State Health Plan will base your claim payments on an assumption that you are enrolled in Medicare Parts A/B.

Q: Should I enroll in a Medicare Part D (prescription drug) plan:

A: Prescription drug coverage will continue under the State Health Plan.

How to Enroll in Medicare

Q: How do I enroll in Medicare?

A: If you are in receipt of a monthly Social Security Retirement benefit, you will automatically be enrolled, and Medicare will send you an ID card that shows effective dates for both parts A and B. If you are

currently working and only wish to enroll in Part A, turn the card over, mark the appropriate option to decline Part B and mail the card back to Medicare. A new card will be issued, showing only the effective date for Part A.

If you are not currently in receipt of a monthly Social Security Retirement benefit, it is recommended that you enroll in Medicare Part B 60-90 days prior to the effective date. It takes about 10 minutes to [apply on-line for Medicare](#).

When you retire and subsequently enroll in Medicare Part B, your [Benefits Consultant](#) will assist you with the Medicare Part B enrollment through a special enrollment process. In addition to the Medicare Part B form, your Benefits Consultant will submit an employment verification memo that states the length of time you were covered by the State Health Plan as an active employee.

State Health Plan and Medicare Coordination of Benefits

Q: The State Health Plan is my primary coverage and I am enrolled in Medicare Part A. How are my benefits coordinated?

A: The State Health Plan will consider claims for payment, first, before Medicare. Eligible claim amounts not paid by the State Health Plan will then be considered by Medicare, for payment. Since the State Health Plan provides better benefits, Medicare Part A will most likely not provide any benefit.

Q: How are benefits coordinated when Medicare is primary?

A: The statutory requirement to coordinate the State Health Plan benefits with Medicare benefits on a “carve out” basis means that the charges left unpaid by Medicare are paid by the State Health Plan after the plan deductible and coinsurance are applied, up to the total charge for the procedure.

Following is an example of an out-patient hospital claim paid before the deductibles are met:

\$10,000	Total charges for out-patient procedure
-162	Medicare Part B deductible (you pay)
\$ 9,838	Medicare charge and State Health Plan allowable
- 7,870	Medicare payment (80%) (also called “carve out amount”)
\$ 1,968	
- 600	State Health Plan annual deductible (you pay)
-200	State Health Plan co-payment (you pay)
\$ 1168	
x 80%	State Health Plan co-insurance percentage (percentage depends on your plan)
\$ 934	Amount paid by State Health Plan
\$ 234	Balance you are responsible for paying (20% of the \$1168)

Medicare Premiums and Deductible Amounts

Q: What are the current Medicare Part B premiums?

A: Medicare Part B premiums are based on your modified adjusted gross income and tax filing status.

File individual tax return:	File joint tax return:	Your monthly premium is:
\$85,000 or below	\$170,000 – or below	\$115.40
\$85,001 - \$107,000	\$170,001 - \$214,000	\$161.50
\$107,001 - \$160,000	\$214,001 - \$320,000	\$230.70
\$160,001 - \$214,000	\$320,001 - \$428,000	\$299.90
Above \$214,000	Above \$428,000	\$369.10

Q: What are the current Medicare Part A and B deductible amounts?

A: **The 2011 Medicare Part A deductible** is \$1132 (for the first 60-day benefit period). **The 2011 Medicare Part B deductible** is \$162 per year (January 1 through December 31). The State Health Plan may pay a portion of the Medicare deductible if the State Health Plan deductible has already been met. The State Health Plan's plan year is from July 1 through June 30.