

# Medicare & Your UA Medical Benefits

The UAMS Office of Human Resources has prepared this information to assist you and your spouse in making decisions about your medical insurance when **you or your spouse become eligible for Medicare**. Please contact our office if you have any questions about your UAMS benefits, particularly if you are planning to retire in the next six months. Please be aware that the following information is subject to change, due to changes in federal Social Security and Medicare programs, as well as changes that may occur within the University of Arkansas benefit plans.

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## What happens to my coverage if I'm still working when I turn 65 and become eligible for Medicare?

### No change to your UA medical benefits

As long as you work at UAMS and have the medical insurance as an employee, regardless of your age, there is no change to your coverage. Your UA health plan will pay primary; Medicare will pay secondary. That means if the UA health plan covers less than 100% of your medical expenses, Medicare may pick up part of the balance.

### Sign up for Medicare Part A

You become eligible for Medicare Part A as soon as you reach age 65. You should enroll in Part A. There is no premium cost to you and it may pay a portion of your hospital bills after the UA plan pays.

You won't automatically be enrolled in Part A unless you're already receiving Social Security benefits. Apply for Part A online at [www.socialsecurity.gov/retirement](http://www.socialsecurity.gov/retirement), through your local Social Security office, or by calling 1-800-772-1213. You should apply three months before your 65<sup>th</sup> birthday.

### Delay signing up for Part B

You are also eligible to buy Medicare Part B at age 65. Part B helps pay for doctor's office visits and some outpatient services. The cost varies based upon your income and whether or not the premium is deducted from your Social Security benefits. The standard premium is \$148.50 per month in 2021 for those with incomes that don't exceed \$88,000.

We generally recommend you wait to sign up for Part B until right before you retire or otherwise become ineligible to have health insurance coverage as an active employee. It's not likely that you would gain enough secondary Part B benefits to make the premium worthwhile.

Remember that your UA medical plan is primary and Medicare pays last while you're still working.

If your Medicare card shows Part B and you don't want Part B, follow the instructions on the card and send the card back.

### **Sign up for Part B a month before you retire**

You must have Part B in place in order to be eligible for your full Medicare benefits when you retire.

Once you retire and no longer have coverage as an employee, you can sign up for Part B without paying a penalty. You have 8 months to do this; Medicare calls this your "special enrollment period." But don't wait that long, as this may cause a gap in your health care coverage. You need to have Part B already in place on the first day of the month in which you retire or otherwise no longer have active employee coverage.

You may enroll in Medicare Part B online at [www.socialsecurity.gov/retirement](http://www.socialsecurity.gov/retirement), through your local Social Security office, or by calling the Social Security Administration at 1-800-772-1213.

### **Do NOT sign up for Medicare Part D while you're still covered as an employee**

Once you enroll in Medicare Part A, you are eligible to buy a Medicare Part D prescription drug plan. You will likely get many Part D offers in the mail. But do not enroll in a Part D plan if you are enrolled in the UA health plan.

Your current UA prescription drug coverage is, on average, expected to pay out as much as or more than the standard Medicare prescription drug plan. The government refers to this as "creditable coverage." Therefore, you will not be subject to penalties or restrictions if you decide to enroll in a Part D plan when you retire.

There is no coordination between an employer plan like the UA health plan and Medicare Part D. This means if you sign up for Part D, you would lose your prescription benefits under your UA medical plan. Medicare Part D is generally intended for those who have no other prescription benefits or very limited prescription benefits.

### **Drop UA coverage and just use Medicare?**

Please be very cautious if you are considering dropping your UA medical coverage when you become eligible for Medicare. If you decide later that this was a bad idea, you may not be able to change your mind and return to the UA plan.



**Can I keep my UA medical coverage when I retire?**

**Your medical coverage as an employee automatically ends on your last day. But you may be eligible to continue coverage under two circumstances.**

The length of time you can continue your UA health plan coverage depends on whether you meet the eligibility as a **retiree** or as a **COBRA participant**.

## **Continuing medical as a UA retiree**

You may remain covered by a UA health plan the rest of your life if you meet the following criteria: (1) at the time you retire, your age + continuous years of UA service = 70 or higher; and (2) you've been covered by the UA medical plan for the last 10 consecutive years. This rule also applies to your dental coverage. However, effective 1-1-2017, employees with 5 years of service/coverage and are age 65 or older may also be eligible to keep the medical and dental coverage as a retiree.

The specific UA retiree health plan you would enroll in would depend on your eligibility for Medicare. You become eligible for Medicare the first of the month in which you turn 65. Or if you're under 65 and disabled, you may become eligible for Medicare after receiving Social Security disability benefits for 24 months (sooner under certain conditions).

UA retiree medical insurance coverage is not automatic. You must make positive election through our office before you leave UAMS. The plan you'd be eligible for depends on whether or not you're eligible for Medicare.

### **If you are NOT eligible for Medicare**

If you are not yet eligible for Medicare, you would stay on or change to the UA Classic medical insurance plan as a retiree. [If you are currently enrolled in the Premier or Health Savings Plan as an employee, you cannot remain in that plan as a retiree.] You and your eligible family members can remain on the Classic plan until the time you and each of your family members become eligible for Medicare.

You would be responsible for paying the total premium. For example, the cost is \$467.07 per month for single individual retiree coverage under the Classic plan.

You would pay your premiums directly to UMR, the administrator of our group employee health plan. New insurance cards will be issued that show your new retiree group number.

### **If you ARE eligible for Medicare**

If you are eligible for Medicare when you retire, you have the option to enroll in a special Medicare Part C plan offered by the University. The plan is called "The University of Arkansas System UnitedHealthcare Group Medicare Advantage (PPO) Plan," but we'll refer to it as the UA Medicare Advantage plan for short. It is a fully insured plan and not the same as the UA group health plan for employees. Nor is it the same as many individual, non-UA UnitedHealthcare plans that are available to the general public.

Enrollment in the UA Medicare Advantage plan is not automatic. Once you tell us you are retiring and we establish you as an eligible UA retiree, we will notify UnitedHealthcare to send you an enrollment kit. You will need to complete the enrollment form in this kit and return it to

UnitedHealthcare to complete your enrollment. Or better, call United (number is in the kit) to enroll so you can be assured of your benefits and have the opportunity to speak with an agent who will review your providers and prescriptions. You will pay your premiums directly to them as well.

You'll find details of the UA Medicare Advantage plan on our website and also at the UA System website, [www.uasys.edu](http://www.uasys.edu).

### **Future age-in to Medicare**

If you age-in to Medicare after you retire, your UA Classic health coverage will automatically end. But you will be given the same opportunity beforehand to enroll in the UA Medicare Advantage plan.

## **Continuing medical under COBRA**

If you do not qualify for benefits as a UA retiree, you would still be eligible to continue your UA employee health plan coverage for up to 18 months under COBRA provisions. All employees are eligible to continue their medical, dental and vision coverage under COBRA when they leave UAMS.

COBRA coverage is not automatic. You must make positive election with HealthEquity, the University's COBRA plan administrator. You would pay your insurance premiums directly to HealthEquity. The cost for coverage is 102% of the current total premium, including the portion paid by UAMS while you were working. COBRA premiums can be paid via check, credit card, or automatic bank draft. You will receive your COBRA offer from HealthEquity within a couple of weeks after your last day and you will contact them to elect coverage.

If you elect UA retiree health coverage, you will still be offered COBRA -- by federal law, you have to receive written notification of your COBRA rights. But ignore the COBRA letter if you elect retiree coverage. Basically, retiree coverage is "life long" COBRA.

Retiree and COBRA rates are posted at [www.hr.uams.edu](http://www.hr.uams.edu), under Benefits.



**I'm retiring and I already have Medicare. What do I do?**

### **Make sure you have Part B**

Look at your Medicare card. If it does not show that you have Part B coverage, contact Social Security a month before you retire and enroll in Part B.

Once you are no longer working, Medicare becomes primary. You must have "original Medicare" Parts A and B in order to enroll in the UA Medicare Advantage plan or any other supplemental plan.



## What Medicare benefits should I sign up for if I retire after age 65?

### Make sure you have Part A

You should already have Medicare Part A. However, Medicare will not automatically know you are no longer covered as an employee and that they should become primary. Call Medicare at 1-800-633-4227 (1-800-MEDICARE) to let them know this. Otherwise your medical claims won't process correctly.

If you don't have Part A yet, you can apply online at [www.socialsecurity.gov](http://www.socialsecurity.gov). Or call Social Security at 1-800-772-1213.

### Make sure you have Part B

You should enroll before you retire so that you have Part B coverage on your first day as a retiree. Contact the Social Security Administration one month before you leave UAMS to do this.

You can also enroll in Part B any year between January 1 and March 31, for coverage to take effect in July. But if you enroll later than 8 months after you leave UAMS, a penalty fee will be added to your Part B premium.

Remember -- once you leave UAMS' employment after age 65, Medicare becomes primary.

### Part D?

Should you sign up for prescription benefits under Medicare Part D? It depends.

If you enroll in the UA Medicare Advantage plan as a retiree, or if you continue your coverage under COBRA, do **not** enroll in a Part D plan. These two plans already have prescription benefits with no "donut hole" coverage gap; therefore you do not need a Part D plan.

If you are not enrolling in the UA Medicare Advantage plan, the answer may be yes on enrolling in Part D. It depends if you're signing up for other coverage – perhaps a Medigap or supplemental plan – and if that plan has prescription benefits. Otherwise you would have no prescription drug coverage. You would not have to pay a Medicare Part D late premium penalty because you had "creditable coverage" through your UA medical plan as an employee. Contact our office if you need a letter showing proof of this.

## Medigap Plans?

If you choose to drop your UA medical plan when you retire and don't enroll in the UA Medicare Advantage plan or other Medicare Advantage plan, you may purchase a private supplemental "Medigap" policy. These plans are also called "Medicare Supplement Insurance" and provide coverage for medical expenses not covered or only partially covered by Medicare Parts A and B.

The best time to buy a Medigap policy is during your Medigap open enrollment period. This period lasts for 6 months and begins the month you are age 65 or older and first enroll in Medicare Part B.



## Whom can I contact if I have questions?

If you have access to a computer with a web browser, we recommend you check out these two sites:

[www.medicare.gov](http://www.medicare.gov) (Medicare)

[www.ssa.gov](http://www.ssa.gov) (Social Security)

The toll-free phone number for the Social Security Administration is 1-800-772-1213.

The toll-free phone number for the Social Security Administration in Little Rock is 1-866-593-0933.

The toll-free phone number for Medicare is 1-800-MEDICARE (1-800-633-4227).

If you are interested in purchasing a private Medigap policy, you can search on-line for insurance carriers in your area. Or call Medicare at the number above.

Another resource that we highly recommend is the **Arkansas Senior Health Insurance Information Program, SHIIP**. Their number is 1-800-224-6330 and website is <https://insurance.arkansas.gov/pages/consumer-services/senior-health/>.



# Time Lines

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**3 months before your 65th birthday**

Enroll in Medicare Part A through the Social Security Administration at [www.ssa.gov](http://www.ssa.gov), 1-800-772-1213.

**1 month before you retire from UAMS**

If you're age 65 or older, enroll in Medicare Part B through the Social Security Administration at 1-800-772-1213. At this time you cannot apply for Part B online [www.ssa.gov](http://www.ssa.gov), but rather would need call to request the paper application or visit your local office.

**At least 2 weeks before you retire from UAMS (earlier is best-as soon as you know what your last day will be)**

Contact Human Resources at 686-5650 to apply for "retiree" benefits. Eligibility requirement is that your age and continuous years of UA services = 70 or higher, and you've been covered by the UA medical plan for the last 10 consecutive years (or age 65+5 years' coverage).

If you're 65 or older, call Medicare at 1-800-633-4227 to provide your retirement date so they can change your Medicare coverage to primary.

**Within 63 days after you retire**

If you're 65 or older and will not be keeping your UA medical coverage and need prescription benefits, enroll in Medicare Part D. There are many Part D plans to choose from. For assistance in picking a plan, visit [www.medicare.gov](http://www.medicare.gov) or call 1-800-633-4227.

**Within 6 months after your 65th birthday**

If you are not continuing health insurance under the University (either the employee plan or the UA UnitedHealthcare Medicare Advantage plan), apply for an individual Medigap policy through an insurance carrier.

# Applying for Social Security & Medicare

Social Security is a federally mandated insurance program that provides retirement, disability, family and survivor benefits. Medicare is a separate program run by the Centers for Medicare & Medicaid Services that helps pay for inpatient hospital care, nursing care, doctors' fees, drugs and other medical services and supplies to people age 65 and older, as well as to people who have been receiving Social Security disability benefits for two years or more.

- Generally, you should apply for Social Security retirement benefits three months before you want your benefits to begin. Even if you don't plan to receive benefits right away, you should still sign up for Medicare Part A three months before you reach age 65.
- You are eligible for Social Security retirement benefits when you reach your "full retirement age." The full retirement age is 65 for persons born before 1938. The age generally rises until it reaches 67 for persons born in the year 1960 or later.
- Social Security benefits are payable at full retirement age for anyone with enough Social Security credits. As you work and pay taxes, you earn "credits" that count towards eligibility for future Social Security benefits. You can earn a maximum of four credits each year. Most people need 40 credits (10 years of work) to qualify for benefits. People who delay retirement beyond full retirement age get special credit for each month they don't receive a benefit, until they reach age 70.
- You can also receive benefits early beginning with the first full month you are age 62. However, if you choose to begin receiving benefits before your full retirement age, your benefits will be permanently reduced to account for the longer period over which you will be paid.
- To find out what your full retirement age is, use the Social Security Retirement Age Chart at [www.ssa.gov](http://www.ssa.gov). You can file for your Social Security benefits online.
- Consider speaking with a Social Security representative in the year before you plan to retire. It may be to your advantage to start receiving your retirement benefits before you actually stop working. There are also useful calculators and information online at [www.ssa.gov](http://www.ssa.gov).
- If you don't have access to a computer to file for Social Security benefits on-line, call the toll-free number 1-800-772-1213. Or you can call the Little Rock Social Security office at 1-866-593-0933. You can also visit your local Social Security office, although in-person appointments may not be available during the COVID-10 pandemic. Phone lines are busiest early in the week and early in the month, so if your business can wait, it's best to call at other times.

# A Quick Look at Medicare

- Medicare is the federal government’s health insurance program. Medicare benefits can be received even if Social Security is not. Most people become eligible for Medicare:
  - At age 65, or;
  - Before age 65, after receiving Social Security disability benefits for 24 months.
  - People of any age with End-Stage Renal Disease
- Medicare provides limited insurance benefits that may not cover all medical expenses. Medicare is primary coverage if you are not working and secondary if you are working.
- Generally, you should apply for retirement benefits **three** months before you want your benefits to begin. Even if you don’t plan to receive benefits right away, you still should sign-up for Medicare (at least Part A) three months before you reach age 65.
- For more information, see *Medicare & You*, the national Medicare handbook, available from your local Social Security Administration office. Or visit their website at [www.medicare.gov](http://www.medicare.gov).

## Medicare Has Three Parts

### Medicare Part A (Hospital Insurance)

- Part A helps cover:
  - Inpatient care in hospitals
  - Skilled nursing facility (following a hospital stay)
  - Some home health care and hospice care
- COST: Most people are eligible to get Part A when they turn 65. They do not have to pay a monthly premium payment for Part A because either they or a spouse paid Medicare taxes while they were working. Part A is usually an entitlement.

### Medicare Part B (Medical Insurance)

- Part B helps cover:
  - Doctors’ services
  - Outpatient care
  - Some other medical services that Part A does not cover, such as the services of physical and occupational services and supplies/durable medical equipment when they are medically necessary.
  - Many preventive services (like screenings, shots and yearly “wellness” visits)

- **COST:** You pay the Medicare Part B premium per month. Your cost will vary, depending on when you retire and if your income is over \$88,000 (based on your IRS tax return from 2 years ago). It could be as low as \$148.50 or as high as \$504.90. And in some cases, the premium may be higher if you did not choose Part B when you first became eligible. The cost of Part B may go up 10% for each 12-month period that you could have had Part B but did not sign up for it, except for Special Enrollment Period. See below for more information about Special Enrollment Periods.

## Enrolling in Part B is your choice.

- You can sign up for Part B anytime during the 7-month period that begins 3 months before you turn 65. Visit your local Social Security office, call the Social Security Administration at 1-800-772-1213 to request the paper application, or enroll online at [www.medicare.gov](http://www.medicare.gov). If you choose to have Part B, the premium is usually taken out of your monthly Social Security benefit payment.
- If you did not take Part B when you were first eligible for Medicare at age 65, you may sign up within 8 months of when you retire with no penalty -- see Special Enrollment Periods below. You can also enroll during a General Enrollment Period. The General Enrollment Period runs from January 1 through March 31 of each year, for coverage to take effect July 1 of that year. **You would pay a higher premium if you wait more than 8 months after you retire before enrolling.** In other words, Social Security Administration will add a surcharge to the Part B premium if you do not enroll in Part B when first eligible or during a Special Enrollment Period.

## The Special Enrollment Periods when you can sign up for Part B are:

1. Anytime you are still covered by an employer group health plan, through your or your spouse's current or active employment.
2. During the 8 months following the month when your insurance coverage as an employee ends.
3. If you are disabled and working (or you have coverage from a working family member), the Special Enrollment Period rules also apply.

Most people who sign up for Part B during a Special Enrollment Period do not pay higher premiums. However, if you are eligible but do not sign up during the Special Enrollment Period, the cost of Part B may go up.

NOTE: There is a fourth part of Medicare called **Part C, Medicare Advantage**. This is another way to get your Medicare coverage, as an "all in one" plan. These plans are offered by Medicare-approved private companies that must follow rules set by Medicare. Plans may not be available in all areas. People with Medicare Parts A & B can choose to receive all of their health care services through one of the provider organizations under Part C. The UA

UnitedHealthcare Medicare Advantage plan for retirees is a Part C plan. In the UA Medicare Advantage plan, you can use any provider that accepts Medicare.

## Medicare Part D (Outpatient Prescription Drug Coverage)

- On January 1, 2006, Medicare beneficiaries became eligible for a prescription drug benefit called Part D. Medicare has contracted with private companies to offer these drug plans. There are many plans available in Arkansas. Enrollment is voluntary, but you must have Medicare Part A or B to be eligible. Enrollment is held the end of each year (specific dates as determined by Medicare). If you enroll late, you may have to pay a higher premium. If you have a certificate of creditable coverage from your employer plan or other plan, you will not pay the higher premium.
- Medicare Part D plans vary. Some have a coverage gap, which is sometimes called the “donut hole.” A coverage gap means that after you and your plan have spent a certain amount of money for covered drugs, you may have to pay more for your prescription drugs up to a certain limit. (Based upon recent legislation, you may get a 52.5% discount on brand name prescription drugs while you’re in the gap.) Once you get past the gap, you will have “catastrophic coverage.” This means that you only pay a coinsurance amount (like 5% of the drug cost) or a copayment (like \$6 for each prescription) for the rest of the calendar year. Low-income beneficiaries may be eligible for reduced cost sharing and more generous coverage by Medicare.
- Both the University of Arkansas Classic health plan (available to eligible retirees who are not yet on Medicare) and the UA UnitedHealthcare Medicare Advantage plan (available to eligible retirees who are eligible for Medicare) offer prescription drug coverage. If you enroll in Medicare Part D, it will have a negative effect because you would lose your prescription drug benefits.

**THIS IS VERY IMPORTANT. If you enroll in a Medicare Part D plan, either intentionally or inadvertently, you will lose your prescription coverage through your UA retiree health plan.**

**The University strongly urges you NOT to enroll in the Medicare Part D program if you are enrolled in either the UA group health plan or the UA UnitedHealthcare Medicare Advantage plan.**