

Medicare Eligible Employees

Older employees are working longer, and the gap between the age for Medicare eligibility (65) and normal retirement age (soon to be 67) is increasing. As a result, employers are more likely to have Medicare-eligible employees on the payroll and participating in their employee health benefit plans.

If employers have not already fielded questions about Medicare enrollment penalties and whether Medicare or the employer plan is the primary or secondary payer of health claims, they likely will in the future.

When these conversations happen, it is a good idea for HR and benefits professionals to arm themselves with some basic information and readily available resources. Both the [Social Security Administration](#) and the [U.S. Centers for Medicare & Medicaid Services \(CMS\)](#) can provide such information as how income from employment may impact Medicare premiums and specific actions Medicare-eligible employees may take when they reach age 65.

Common Questions

Whatever approach employers take, they should be prepared to answer a few pivotal questions that employees are likely to ask—or refer employees to someone who can.

When should I enroll in Medicare?

Generally, individuals can enroll in Medicare within a seven-month window around the time they turn age 65. There are several parts to Medicare, with varying premiums, that employees should keep in mind:

- **Part A** covers Medicare inpatient care received while in a hospital, a skilled nursing facility and, in limited circumstances, at home, and most people are not charged a monthly premium. This is why many employees who continue working will enroll in Part A but not in the parts of Medicare that charge monthly premiums.
- **Part B** covers services such as doctor visits and outpatient exams and tests and charges a monthly premium.
- **Part C** refers to Medicare Advantage plans offered by Medicare-approved insurance companies in lieu of "standard" Medicare. These privately administered plans charge monthly premiums and provide coverage compatible with Medicare but with different out-

of-pocket costs and rules.

- **Part D** covers prescription drug costs; these privately administered plans charge a monthly premium.

Employees may choose not to enroll in Medicare until they stop working. However, employees should be able to provide proof they had employer-sponsored coverage (or coverage through their spouse's employer), including prescription drug coverage at least equivalent to Medicare Part D's, when they eventually stop working and enroll in Medicare, or they will face penalties in the form of higher Medicare premiums.

Is Medicare primary or secondary to employer coverage?

If employees are age 65 or older, they should understand whether their employer's coverage is primary or secondary to Medicare:

- If they work for an employer with fewer than 20 employees, they will need to enroll in Medicare to have primary insurance, because health care coverage from employers with fewer than 20 employees pays secondary to Medicare. Failing to enroll will trigger higher-premium penalties.
- If they work for an employer with 20 or more employees, then their employer-sponsored health care coverage pays primary to Medicare. They may choose not to enroll in Medicare while they're still employed.

Source: shrm.org

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