

# Medicare & Your UA Medical Benefits

University of Arkansas Human Resources has prepared this information to assist you in making decisions about your medical insurance when you become eligible for Medicare at age 65. Please contact our office if you have any questions about your University of Arkansas benefits, particularly if you are planning to retire in the next six months. Our phone number is (479) 575-5351. 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.



## What happens to my coverage when I (or my covered spouse) turns 65? Should I get on Medicare if I'm still working?

### No change to your UA medical benefits

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

### Sign up for Medicare Part A

You automatically 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 would apply for Medicare Part A online at [www.ssa.gov](http://www.ssa.gov) or through your local Social Security office. We recommend you apply three months before your 65<sup>th</sup> birthday. The number for Social Security is 1-800-772-1213.

### Wait before you sign up for Part B

You are also eligible to buy **Medicare Part B** at age 65. Medicare Part B helps pay for doctor's office visits and some outpatient services. The cost is \$148.50 per month in 2021. But if your income is over \$88,000, your premium may be higher.

It's your decision whether or you or your covered spouse signs up for Part B when turning 65. Consider your individual circumstances to see if you would gain enough secondary Part B benefits to make the premium worthwhile. Make sure that you will receive benefits enough to warrant paying the monthly Part B premiums. Remember that your UA medical plan is primary and Medicare pays last.

Most employees and covered spouses do not sign up for Part B until they retire from the UA.

We recommend that you enroll in Part B before your retirement date so that Part B is in effect on your first day as a retiree. That's because when you are covered as a retiree and are Medicare Eligible, your retiree health insurance will change to the University of Arkansas United Healthcare Medicare Advantage Plan PPO. The UA United Healthcare Medicare Advantage Plan requires that you be enrolled in both Medicare Parts A and B.

As long as you enroll in Part B within 8 months following your retirement, you will not pay a late penalty. Medicare calls this your "special enrollment period."

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.

### Do not sign up for Medicare Part D

Once you enroll in Medicare Part A, you are eligible to buy a **Medicare Part D** prescription drug plan. But we do not recommend you do this. 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 medical plan and Medicare Part D. This means **if you sign up for Part D, you 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 cannot 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 ends on your last day of employment. You have two opportunities to keep your medical insurance.**

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

#### **# 1 – as a UA retiree**

If at the time you retire, your age + continuous years of UA service = 70 or higher, and you've been covered by the UA medical plan for the last 10 consecutive years, you may continue your UA medical insurance coverage as a retiree. You can keep the coverage for you and your eligible family members for the rest of your life.

You would be responsible for paying the total premium, including the cost the University was paying while you were working. For example: \$494.00 per month (single coverage, Classic Plan) for those not on Medicare and \$175.70 per person per month for the Medicare Advantage Plan (enrollment in Medicare Parts A & B required).

Retiree coverage is not automatic. You must make positive election 60-90 days prior to retiring. You would pay your premiums directly to the insurance company. New insurance cards will be issued that show your new retiree coverage, ID numbers and group numbers.

#### **# 2 – under COBRA**



## Does my medical coverage change when I retire?

If you are not Medicare eligible when you retire, your medical coverage will remain the same as the coverage you had as an employee. When you are Medicare eligible, your medical coverage will convert to the University of Arkansas United Healthcare Group Medicare Advantage Plan (PPO).

### **Medicare becomes primary**

If you are age 65 or older when you retire, you will be offered enrollment in the UA United Healthcare Group Medicare Advantage Plan (PPO). The Medicare Advantage Plan combines Medicare Parts A, B and D so you don't have to manage separate plans with multiple member ID cards.

If you do not meet the retiree criteria, you would still be eligible to continue your UA medical 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 the UA.

COBRA coverage is not automatic. You must make positive election with Health Equity, our COBRA plan administrator. You would pay your insurance premiums directly to Health Equity. The cost for employee only coverage is 102% of the total premium (generally the same as retiree premium plus 2%). COBRA premiums are paid directly to Health Equity.

If you elect retiree coverage, you will still be offered COBRA -- by federal law, you have to receive written notification of your COBRA rights. **Ignore the COBRA letter if you elect retiree health and dental coverage.** Retiree coverage is life long and COBRA coverage is limited to 18 months. You can, if you wish, elect COBRA coverage for your Vision Insurance, which is not a retiree insurance benefit.

You will not be eligible for Medicare until you reach age 65 unless you are disabled and have been receiving Social Security payments for 24 months. Please read the "Applying for Social Security and Medicare" section at the end of this document for additional information.

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

Your UA UHC Medicare Advantage plan is a Preferred Provider Organization (PPO) plan. With this plan, you will have access to UHC's national provider network. You can also see out-of-network providers at the same cost as in-network providers, as long as they accept Medicare. The UA medical plan administrator will issue you new ID cards showing your new retiree or COBRA group number.

Your cost for the UA medical plan as a retiree would depend on the family members you are covering, and whether or not your spouse is also on Medicare. Please check with Human Resources for the current rate schedule, or visit the Retiree section of our website at [hr.uark.edu](http://hr.uark.edu).



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

### 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. Contact Medicare at 1-800-633-4227 (1-800-MEDICARE) to let them know you are retiring and to give them your retirement date.

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

### Part B

**You should enroll in Medicare Part B at least one month before you retire so that you have Part B coverage on your first day as a retiree.** Enrollment in Medicare Parts A & B is required for the University of Arkansas United Healthcare Group Medicare Advantage Plan. You should contact the Social Security Administration one month before your retirement date 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 retire, a penalty fee will be added to your Part B premium.

Remember: The UA United Healthcare Group Medicare Advantage plan requires that you enroll in Medicare Part A & B.

### Part D

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

If you keep your UA medical coverage as a retiree or under COBRA, you should **not** enroll in a separate Part D plan. If you sign up for Part D, you could be dis-enrolled in the UA retiree medical plan.

If you are dropping your UA medical coverage, then you may want to enroll in Part D. 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. Contact our office if you need a letter showing proof of this.

### Medicare Supplement

If you choose to drop your UA medical plan when you retire, you may purchase a private Medicare supplemental plan. These plans provide coverage for medical expenses not covered or only partially covered by Medicare Parts A and B.

The best time to buy a Medicare Supplement Plan 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.

Be aware that with the Medicare Part D benefit, Medigap policies sold after January 1, 2006, will no longer cover prescription drugs.



## Who 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.

# Applying for Social Security & Medicare

Social Security is a federally mandated insurance program that provides retirement, disability, family and survivor benefits. Medicare, a separate program run by the Centers for Medicare & Medicaid Services, 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 (at least 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 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 may also 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. You can also visit your local Social Security office. 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 pay for:
  - Inpatient care in a hospital
  - 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 pay for:
  - Doctors' services
  - Outpatient hospital care
  - Some other medical services that Part A does not cover, such as the services of physical and occupational services and supplies when they are medically necessary.
- COST: You pay the Medicare Part B premium of \$148.50 per month. This is the current (2021) amount and will likely increase in future years. Your cost may also be higher if your

income is over \$88,000. 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, or call the Social Security Administration at 1-800-772-1213 to sign up. If you choose to have Part B, the premium is usually taken out of your monthly Social Security.
- 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. If you did not sign up for Part B because you were covered as an active employee or the spouse of an active employee, you should sign up for Part B at least 30 days prior to your retirement.
2. During the 8 months following the month when the employer health plan coverage ends, or when the employment ends, whichever is first.
3. If you are disabled and working (or you have coverage from a working family member), the Special Enrollment Period rules also apply.
4. 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. The University of Arkansas United Healthcare Group Medicare Advantage Plan (PPO), the health plan available to retirees and covered retiree dependents eligible for Medicare, is a Part C Medicare Advantage Plan. 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.

## 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 approximately 50 such 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. Most Medicare drug plans have a coverage gap (also called the “donut hole”). This means there’s a temporary limit on what the drug plan will cover for drugs.
- Not everyone will enter the coverage gap. The coverage gap begins after you and your drug plan have spent a certain amount for covered drugs. Once you and your plan have spent \$4,130 on covered drugs in 2021, you’re in the coverage gap. This amount may change each year. Also, people with Medicare who get Extra Help paying Part D Costs won’t enter the coverage gap.
- Once you reach the coverage gap, you’ll pay no more than 25% of the cost for your plan’s covered brand-name prescriptions at a pharmacy or order them through the mail.
- Some plans may offer you even lower costs in the coverage gap. The discount will come off of the price that your plan has set with the pharmacy for that specific drug.
- Although you’ll pay no more than 25% of the price for the brand-name drug, almost the full price of the drug will count as out-of-pocket costs to help you get out of the coverage gap. What you pay and what the manufacturer pays (95% of the cost of the drug) will count toward your out-of-pocket spending.
- The University of Arkansas United Healthcare Group Medicare Advantage Plan includes prescription drug coverage and will cover drugs during the Medicare Part D donut hole. Medicare recipients may only be enrolled in one Medicare Part D prescription drug plan. If you enroll in another Medicare Part D prescription drug plan after you enroll in the UA UHC Medicare Advantage Plan, you may be dis-enrolled from the UA retiree health insurance plan.

**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 medical plan.**

**The University strongly urges you NOT to enroll in the Medicare Part D program if you are enrolled in the UA group medical plan.**