

DGA-PRODUCER HEALTH PLAN AND MEDICARE: FREQUENTLY ASKED QUESTIONS

This FAQ provides answers to the common questions we receive from participants regarding Medicare and Health Plan coverage. If you have additional questions, please contact us at (877) 866-2200, ext. 401.

This information is provided for your convenience only, and is not intended as legal advice or a legal recommendation. Nothing in this publication should be construed as encouraging a participant on active coverage to elect Medicare coverage instead of coverage under the Health Plan.

WHAT KINDS OF COVERAGE DOES MEDICARE OFFER?

There are three types of Medicare coverage applicable to our participants:

- **Medicare Part A** provides hospital coverage. It does not require a premium.
- **Medicare Part B** provides doctor coverage. It requires a monthly premium.
- **Medicare Part D** provides prescription drug coverage. It also requires a monthly premium.

There is also a Medicare Part C. Typically referred to as Medicare Advantage plans, Part C plans are offered by private companies and provide Medicare beneficiaries with Part A and B coverage, plus other additional benefits for an additional monthly premium.

WHAT SHOULD I DO WHEN I TURN 65?

In most situations, we would advise participants to consider doing the following in order to maximize benefits and to minimize your out-of-pocket health costs:

- **Enroll in Medicare Part A.**
 - There is no premium required for Medicare Part A coverage, so you should enroll when you become eligible.
 - If you are already enrolled for Social Security benefits, you will be automatically enrolled for Medicare Part A coverage, and no further action is required.
 - If you are not already enrolled for Social Security benefits, the Social Security Administration advises you to apply for Medicare Part A at least three months before you turn age 65, as there is usually a delay in processing applications.
- **If you will be on active coverage at age 65, you don't need to enroll in Medicare Part B.**
 - There is a monthly premium required for Part B coverage.
 - It is likely more cost effective for you to wait to enroll in Part B when you are no longer on active coverage.
 - You will not be penalized by Medicare for delaying enrollment in Part B while you are under active coverage. Typically, you have eight months following the end of your active coverage to enroll in Part B without penalty. However, you

will likely want to make sure you are enrolled in Part B when your active coverage expires.

- If you choose to delay your enrollment in Part B, please read the following section of this FAQ for more information: **I'm on active coverage, so I am not going to enroll in Part B right away. What happens when my active coverage ends?**
- **If you will be on inactive coverage at age 65, you should enroll in Medicare Part B.**
 - Medicare will be your primary coverage.
 - If you fail to enroll, you will be responsible for all costs Medicare would have paid on your behalf, which is typically the first 80% of covered charges in addition to any charges not covered by the Health Plan.
- **If you have prescription coverage under the Health Plan, you do not need to enroll in Medicare Part D.**
 - You cannot be covered under our prescription coverage and Part D at the same time.
 - Our prescription coverage has been determined to be as good as, or better, than Part D.
 - Our prescription coverage does not require a monthly premium.
 - You will not be penalized by Medicare for delaying enrollment in Part D while you are under our prescription coverage. Typically, you have 63 days following the end of your active coverage to enroll in Part D without penalty.

If you have any concerns about your particular circumstances, please call our office at (877) 866-2200, ext. 401. In addition, you should confirm Medicare's enrollment rules with a Medicare representative.

WHAT IS THE DIFFERENCE BETWEEN ACTIVE AND INACTIVE COVERAGE?

When your health coverage resulted from contributions on current earnings (not residuals), your coverage is considered **active coverage**.

All other types of health coverage are considered **inactive coverage**, including:

- Earned coverage from contributions on residuals or a combination of current earnings and residuals;
- Earned coverage from carry-over credit;
- COBRA/Self-Pay coverage;
- Retiree coverage.

WHAT IF I HAVE CONTRIBUTIONS ON BOTH CURRENT WORK AND RESIDUALS?

Your coverage is considered active coverage if your contributions on current earnings met our plan's minimum earnings (*i.e.* you would have earned health coverage even if you had no contributions on residual earnings).

HOW DO I KNOW IF I AM ON ACTIVE OR INACTIVE COVERAGE?

Each coverage year, we send you a letter that, among other things, tells you whether you are on active or inactive coverage.

In addition, once you turn 65, we send you a letter any time your active/inactive status changes.

If you ever have questions about your coverage status, you can always call our office at (877) 866-2200, ext.401.

WHAT IF I'M COVERED UNDER A THIRD PLAN?

Except in certain limited circumstances, Medicare will be secondary to all active plans and primary to all inactive plans. If you have more than one active plan, then we will coordinate with the other plan accordingly. Below are a few examples of having coverage under three plans:

- If you have active coverage with the Health Plan and active coverage under another health plan, then the plan you have had the longest continuous eligibility as a participant will be primary, the other will be secondary, and Medicare will be tertiary.
- If you are on inactive coverage in the Health Plan and are covered as a dependent of a working spouse with active coverage, then the plan that covers you as a dependent is primary, Medicare is secondary, and the Health Plan is tertiary.
- If you are on inactive coverage with the Health Plan and inactive coverage under another health plan, then Medicare is primary, the plan you have had the longest continuous eligibility as a participant is secondary, and the other is tertiary.

I'M ON ACTIVE COVERAGE, SO I AM NOT GOING TO ENROLL IN PART B RIGHT AWAY. WHAT HAPPENS WHEN MY ACTIVE COVERAGE ENDS?

Typically, when your active coverage ends, you will have an eight-month enrollment period to enroll in Medicare Part B without paying a premium penalty. However, we encourage you to discuss your decision to delay enrollment with a Medicare representative. They will have the latest information and can advise you of the potential consequences of your decision.

When you know your active coverage is going to end, you should enroll in Medicare Part B with ample time to ensure your Part B coverage will begin on the day after your active coverage ends. For example:

- If you are covered under earned active coverage from January 1, 2019 to December 31, 2019, you will know on October 1, 2019 whether you have qualified for active coverage

again on January 1, 2020 (since the earnings period for coverage beginning on January 1, 2020 is October 1, 2018 to September 30, 2019).

- Once you know you will not qualify for earned active coverage, you should contact Medicare to enroll in Part B and ensure your benefits will begin on January 1, 2018. If you are unsure of whether you will qualify for active coverage during your next benefit period, you can contact our office at (877) 866-2200, ext. 401 and ask for your current status.

WHAT IF I FAIL TO ENROLL IN MEDICARE ON A TIMELY BASIS?

When you are entitled to benefits under Medicare, we will always assume you are fully enrolled.

If you have not enrolled, you will be responsible for 100% of what Medicare would have paid on your behalf, typically the first 80% of covered charges in addition to any charges not covered by the Health Plan. If you are on active coverage, this is less of an issue since Medicare would be your secondary coverage and the Health Plan would be primary. But, when you are on inactive coverage (*i.e.* Medicare would be your primary coverage), your out-of-pocket costs could be significant.

I AM ON ACTIVE COVERAGE, HOW ARE MY CLAIMS PROCESSED?

Since you are on active coverage, we are your primary insurance (assuming you are not covered under a third plan). Therefore, your claims will be processed as follows:

- **Your initial claim will be submitted to us.** Most providers will submit the claim to us on your behalf. If not, you should submit the claim to the appropriate Blue Cross office. For detailed instructions, please see the **Filing a Claim** section on dgaplans.org.
- **We will process the claim and remit payment.** If your provider submitted the claim, we will pay your provider and send you an Explanation of Benefits statement. If you submitted the claim to us, we will send payment to you with an Explanation of Benefits statement.
- **Submit the claim to Medicare.** After your provider receives payment from us, they will generally submit your claim to Medicare for secondary payment, unless they do not participate in Medicare. See **What if my provider does not participate in Medicare?** for more information on non-Medicare providers. If your provider does not submit the claim to Medicare, or if you submitted the claim directly, you should submit your claim to Medicare. Send Medicare a copy of our Explanation of Benefits statement along with the itemized bill. This will ensure that Medicare processes your claims correctly and in a timely manner.

I AM ON INACTIVE COVERAGE, HOW ARE MY CLAIMS PROCESSED?

Since you are on inactive coverage, Medicare is your primary insurance (assuming you are not covered under a third plan). Therefore, your claims will be processed as follows:

- **Submit the claim to Medicare.** Your provider should submit the claim to Medicare on your behalf, unless they do not participate in Medicare. See **What if my provider does not participate in Medicare?** for more information on non-Medicare providers.
- **Medicare will process the claim and remit payment.** Medicare will review the claim and determine the amount payable. Medicare will then pay your provider and send you an Explanation of Benefits statement.
- **Submit the claim to us.** For California providers, Medicare will automatically send your claim information to us. For non-California providers, your provider will typically submit the claim to us. However, if your provider will not submit the claim to us, you should submit the claim to the appropriate Blue Cross office. For detailed instructions, please see the **Filing a Claim** section on dgaplans.org.

WHAT IF MY PROVIDER DOES NOT PARTICIPATE IN MEDICARE?

If you are on active coverage, your portion of costs will be somewhat higher. If you are on inactive coverage, your portion of the costs will be significantly higher. This is because:

- If you are on active coverage, we will process the claim as your primary insurance. You will not be able to submit the claim to Medicare for secondary payment. So your portion of the costs will be the same as they were before you became eligible for Medicare.
- If you are on inactive coverage, we will process the claim as your secondary insurance. You will not be able to submit your claim to Medicare for initial payment. So, you will be responsible for what Medicare would have paid had you chosen a Medicare-participating provider, typically the first 80% of covered charges in addition to any charges not covered by the Health Plan.

WHAT IF I ENROLL IN MEDICARE PART B, BUT LATER QUALIFY FOR EARNED COVERAGE?

You cannot suspend your Medicare Part B coverage. But you can disenroll. If you choose to disenroll in Medicare Part B, you must reenroll in a timely manner to avoid penalties. You should contact a Medicare representative for more information.

The applicable Medicare coverage rules are very fact-specific and individual circumstances and results may vary. You are responsible for making your own determination regarding Medicare enrollment based on your own research and consultation with your legal or financial advisor. You may contact the Center for Medicare and Medicaid Services, at www.cms.gov, for information. If you have any concerns about your particular circumstances and how they would apply to the Health Plan, please call our office.