

Medicare Facts for Management Retirees Turning 65

Medicare is the federal health insurance program for people age 65 and older, for some younger people with disabilities, and for people with end-stage kidney disease. It is administered by the Centers for Medicare and Medicaid Services (CMS). However, personnel at Social Security offices will help you apply for Medicare, complete forms, and answer your questions about the program.

As a retiree, when you become eligible for Medicare, it is the combination of your NYPA health care plan and Medicare that provides you with the most complete coverage. To avoid a reduction in your overall level of benefits, it is important to understand how NYPA's health care plan and Medicare work together, as well as NYPA's requirements for enrollment in Medicare.

Four Parts of Medicare

- **Medicare Part A**

Covers inpatient care in a hospital or skilled nursing facility, hospice care and home health care. There is no cost for Medicare Part A

- **Medicare Part B**

Covers doctors' services, outpatient hospital services, durable medical equipment and some other services and supplies not covered by Part A. You pay for Medicare Part B premiums, and NYPA reimburses you for the "base or standard" cost of Medicare Part B, unless you receive reimbursement from another source, or waive NYPA's medical coverage. NYPA does not reimburse any IRMMA premiums. (For more details, see the Medicare Part B Reimbursement section below.)

- **Medicare Part C**

Medicare Advantage Plans – alternate plans that follow Medicare rules. Additional information is available at [medicare.gov](https://www.medicare.gov).

- **Medicare Part D**

Helps pay for prescription drugs. NYPA provides prescription drug coverage to retirees and their eligible dependents through the NYPA health care plans. Retirees eligible for Medicare and enrolled in the NYPA PPO or Choice Plan, must also enroll in NYPA's Medicare Part D Prescription Drug Plan (PDP) in order to maintain prescription drug benefits by completing the *NYPA Medicare Part D Opt-In form* and returning it to Retirees@nypa.gov. (Retirees not eligible for Medicare will remain enrolled in the same prescription plan as active employees.)

You can be enrolled in only one Medicare prescription drug plan at a time. If you are enrolled in another Medicare prescription drug plan or an individual Medicare Advantage plan you will be dropped from that plan when you enroll in NYPA's Medicare PDP. See the *Express Scripts Medicare PDP for NYPA Guide* or contact us at Retirees@nypa.gov or HR Services at 914-287-3114 for more information.

How Are Claims Paid When Eligible For Medicare

After retirement, or as soon as you or your dependent (typically, your spouse) become eligible for Medicare coverage, your NYPA health care coverage becomes secondary to Medicare Parts A and B. The NYPA health care plan coordinates benefits with Medicare and will not pay for any hospital or medical expenses that Medicare would cover.

If you are eligible for Medicare and you receive covered services from a provider who has elected to opt out of Medicare, or whose services are otherwise not covered due to failure to follow applicable Medicare program guidelines, the NYPA PPO Plan and the NYPA Choice Plan will estimate the Medicare benefit that would have been paid and subtract that amount from the allowable expenses under the Plan. Therefore, once you retire, you and your spouse must have Medicare Parts A and B in effect by the first day of the month in which each of you reaches age 65. You will also need to enroll in NYPA's Medicare Part D Prescription Drug Plan.

What if I Don't Enroll in Medicare

Since NYPA health coverage automatically becomes secondary to Medicare as soon as you are eligible for Medicare, if you fail to enroll in Medicare, you will be responsible for medical expenses that Medicare would have covered if you had enrolled on a timely basis. You will be responsible for any penalty imposed by Medicare for late enrollment. (NYPA will not reimburse you for the penalty portion of your Medicare Part B or D premiums that are attributed to late enrollment.)

The responsibility is yours. You must make sure that you and your spouse are covered under Medicare Parts A, B and D when you turn 65.

When to Apply for Medicare Benefits

Plan ahead to avoid a gap in your coverage – Sign up three months before turning 65.

- **If under 65 at retirement:** After you retire, Medicare coverage must be in effect on the first day of the month in which you or your spouse turns 65. NYPA requires you to have Medicare Parts A and B in effect on the first day of the month in which you are eligible. If you do not apply during the three months before your birthday, you will have a waiting period before Medicare becomes effective. During this waiting period, you will have a gap in your coverage that could be very costly to you. If you are enrolled in the NYPA PPO or Choice Plan, you will also need to enroll in NYPA's Medicare Part D Prescription Drug Plan when you turn 65.
- **If over 65 at retirement:** When you retire, if you or your spouse is already age 65 or over, apply for Medicare Parts A and B three months before leaving employment (or as far ahead of your retirement date as possible). Explain to Social Security that you did not sign up for Medicare Part B at age 65 because you still have primary coverage through NYPA's health insurance plan. You will not be charged Medicare's late enrollment penalty. NYPA will confirm your coverage with Social Security if requested. If you are enrolled in the NYPA PPO or Choice Plan, you will also need to enroll in NYPA's Medicare Part D Prescription Drug Plan when you retire.

How to Apply for Medicare

For Medicare Parts A and B, visit your local Social Security office or call Social Security at (800) 772-1213. Information about applying for Medicare is also available on the web at www.ssa.gov. For Medicare Part D, complete the *NYPA Medicare Part D Opt-In form* and return to Retirees@nypa.gov.

What is Medicare Part B Reimbursement

You and your spouse are required to have Medicare Parts A and B in effect by the first day of the month in which each of you reaches age 65. There is usually no cost for Medicare Part A; however, there is a cost for Medicare Part B. Typically, Social Security deducts the Medicare Part B premium, which usually changes yearly, from your monthly Social Security check. If you are not receiving a Social Security check, you pay the Medicare Part B premium directly to Social Security.

NYPA reimburses both retirees and their eligible spouses for the “base or standard cost” of the Medicare Part B premiums. Some retirees are also required to pay Medicare’s income-related monthly adjustment amount (IRMAA). This is a higher premium charged by Medicare B and Medicare D to individuals with higher incomes. NYPA does not reimburse any IRMAA premiums. You or your spouse are not eligible for this benefit from NYPA if you receive reimbursement from another source (If you are partially reimbursed from another source, you may be eligible for partial reimbursement.) If you waive retiree medical coverage, you are not eligible for reimbursement.

The reimbursement is done annually, and the process begins at the end of the year in which you or your spouse turns 65, and each subsequent year. NYPA reimburses both you and your eligible spouse for the base or standard cost of the previous year’s premiums. NYPA will provide you with instructions on the reimbursement process each year.

When do Benefits End

If you die after your retirement, your surviving spouse (but not your domestic partner) will be eligible for continued medical coverage and reimbursement of Medicare Part B premiums. However, if your surviving spouse remarries, NYPA health insurance coverage and reimbursement of Medicare Part B premiums ends.

Questions

Please contact us at Retirees@nypa.gov or call 914-287-3114.

Disclaimer:

While the Authority intends to continue the benefits and programs described in this document, the Authority reserves the right to change or terminate any of these benefits, programs or pieces of programs at any time. If there is a difference between the benefits and descriptions in this document, the plan documents and contracts will govern in every instance.