



Understanding Medicare

A toolkit for employers





Your guide to Medicare

As your employees turn age 65 and become eligible for Medicare, Sanford Health Plan is here to help.

Many employees are choosing to work longer in the workplace, increasing the gap between Medicare eligibility and typical retirement age. As a result, you're more likely to have Medicare-eligible employees on your payroll and enrolled in your health benefits.

If your employees choose to continue working after turning 65, they'll likely have a variety of questions about Medicare coverage, from enrollment penalties to who pays for health claims and how Medicare eligibility impacts health savings accounts (HSAs).

To help you answer these questions and more, use this guide to get started.

Understanding health coverage

This toolkit organizes information to help you and your employees learn more about Medicare.

By becoming familiar with the information in this toolkit, you can encourage your employees and retirees to make informed decisions about their health insurance. Your employees and retirees can also find more information using these [**sanfordhealthplan.com/employer-resources**](https://sanfordhealthplan.com/employer-resources).

Host an event

If you would like to host a free, no obligation on-site educational event about Medicare enrollment, request one here [**sanfordhealthplan.com/employer-resources/medicare-seminar**](https://sanfordhealthplan.com/employer-resources/medicare-seminar) or connect with your client services representative.



Get the most out of Medicare

Employees who are still working – or who have retiree, COBRA or other types of coverage – must thoughtfully review their options for health insurance once they become eligible for Medicare.

It's important for your employees to understand how other insurance works with Medicare. Deciding whether or not to enroll in Medicare depends on a variety of considerations and rules that may vary based on:

- The reasons they're eligible for Medicare.
- If the employee or a spouse or disabled family member is still working.
- If they have employer-sponsored group health insurance coverage based on their employment.



Making informed decisions

Waiting to enroll in Medicare can increase the premium costs for your employees for as long as they have Medicare and after they retire. This can also cause gaps in coverage.



The basics of Medicare

Medicare is a federal health insurance program for people age 65 and older as well as younger people with certain disabilities or end-stage renal disease. There are many different parts of Medicare, each covering different health care services:

Medicare Part A helps cover inpatient hospital care, skilled nursing facilities, hospice care and home health care. Typically, there is no monthly premium for Part A if you or your spouse paid Medicare taxes for a length of time while working, but some people do pay a monthly premium.

Medicare Part B helps cover outpatient care, most preventive care (i.e., screenings, vaccines, wellness visits), medically necessary services from doctors and other health care providers, and certain medical supplies and equipment. Part B typically has a standard premium that must be paid each month.

If you only enroll in Part A when you are first eligible for Medicare and do not enroll in Part B, you can enroll later, but only during the General Enrollment Period (GEP). This occurs each year from January 1st through March 31st, unless you qualify for a Special Enrollment Period (SEP). You may also have to pay a late enrollment penalty for as long as you have Part B.

Medicare Part C, also called **Medicare Advantage (MA)**, is a Medicare-approved private health insurance alternative that takes the place of Medicare Parts A and B. With MA, you're still in the Medicare program, with Medicare rights and protections including complete Part A and Part B coverage, plus extras.

Not all MA plans work the same. Most offer additional coverage that is not provided through Original Medicare, such as vision, dental, fitness incentives, care for chronic illnesses and even drug coverage.



FAQs

When should an employee enroll in Medicare?

Generally, your employees can enroll in Medicare within a seven-month window around their 65th birthday. However, they can delay enrolling in Medicare if they have other creditable coverage, such as employer-sponsored coverage. Most employees will still enroll in Medicare Part A when they become eligible for Medicare — even if they keep employer-sponsored coverage — because it usually doesn't have a premium.

Is Medicare primary or secondary to employer coverage?

If your employees are age 65 or older, it's important that they understand if their employer coverage is primary or secondary to Medicare. This depends on the size of their employer. If they're enrolled in Medicare and have employer-sponsored health insurance through a company that has fewer than 20 employees, Medicare will pay primary. Medicare will pay secondary if the employer has more than 20 employees.

What should your employees know about Part B?

It's important that your employees enroll in Part B when they become Medicare eligible if they're not going to have other creditable coverage. If they continue on a creditable employer-sponsored plan past age 65, they will need to plan on enrolling in Part B and align that effective date with the date they want their employer coverage to end. Ending their employer-sponsored coverage will make them eligible for a Special Enrollment Period (SEP) to enroll in Part B.

How does Medicare eligibility affect Health Savings Account (HSA) contributions?

Employees can no longer contribute to a HSA once they're eligible for Medicare. If they decide to enroll in Medicare after initially delaying it, they should stop contributing to their HSA at least six months in advance of their enrollment. Once they enroll, their Part A coverage will be retroactive for six months, meaning they will have to pay a tax penalty if they were still contributing.

How does COBRA affect Medicare enrollment?

If employees are enrolled in COBRA (Consolidated Omnibus Budget Reconciliation Act) and become Medicare eligible, they should generally take the opportunity to enroll in Medicare. If they delay Medicare enrollment beyond their Initial Enrollment Period (IEP), they will not be eligible for a SEP to enroll in Part B when their COBRA coverage ends. This can cause a gap in coverage and a premium penalty for not having coverage because they will not be able to enroll in Part B until the General Enrollment Period (GEP), which occurs each year from Jan. 1 to March 31. Their Part B coverage won't be effective until July 1 if they enroll during the GEP.

Note: COBRA coverage is generally available for up to 18 months.



All in one Medicare option

Align by Sanford Health Plan is a new Medicare Advantage option with plans from a local insurance provider you can trust. As an innovative alternative to Original Medicare, Align by Sanford Health Plan includes Medicare Parts A and B, prescriptions and extra benefits.



- **Monthly premiums**
- **Primary and specialty care copays**
- **Medical deductibles**

Additional benefits:



Health
navigator
services



Dental
coverage



Hearing
benefits



Prescription
drug
coverage



Vision
benefits



Fitness
incentives



Direct
Access*



Nationwide
travel coverage

To learn more about our Medicare Advantage options, contact one of our licensed agents toll-free at (888) 605-9277 (TTY: 711) from 8 a.m. to 8 p.m. CST, Monday through Friday. Or visit align.sanfordhealthplan.com to enroll online.

**Restrictions may apply.*

Stay in the know

Both the [Social Security Administration](#) and the [Center for Medicare and Medicaid Services](#) (CMS) provide resources on a variety of topics, from how income may impact Medicare premiums to what actions Medicare-eligible employees can take when they turn 65.

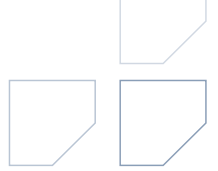
Supporting your employees

According to the [Bureau of Labor and Statistics](#), the number of workers age 65 and older has significantly increased since the late 1990s. With this trend expected to continue, you have the opportunity to assist your employees in their health care decisions as they navigate the ins and outs of Medicare.



Your trusted partner

At Sanford Health Plan, we're here to help with personalized member support. For assistance with answering your employees' unique questions, contact your account services representative or broker. Our Medicare experts are also available for on-site or virtual Medicare workshops. To schedule a workshop for your company, contact your account services representative.

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