



Medicare, Social Security, and Retirement

HealthAdvocateSM



Presentation Topics

- Penn Retiree Program
- Who is eligible for Medicare?
- What does Medicare cost and how do you sign up?
- Medicare enrollment timeframes
- Penn Retiree Medicare Options
- Coordination of Benefits and Claim Processing Guidelines
- Social Security Benefits



Penn's Rule of 75

What is it and how does it work?

- The rule of 75 determines your eligibility for participating in one of Penn's retiree medical plans.
- Minimum age 55 and a minimum of 10 years of full time continuous service (bridged service not eligible) and age and service add up to 75
- Completed Months of Age and Service are used for calculation.

Examples:

Hired full-time in 2012@, in 2022- 10 years + age 59. $59+10 = 69$ - **not eligible**

Hired full-time in 2001@ age 48, retiring in 2018 - age 65 + 18 yrs of svc = 83 yrs - **eligible**



Medicare isn't simple

- Every day, 10,000 Baby Boomers are turning 65 and becoming eligible for Medicare
- The rules about how to enroll in Medicare aren't always known to retirees and people with disabilities





Reaching age 65
is an important
milestone...**you're
now eligible to
enroll in Medicare!**

(whether you decide to retire
or continue working)

This brings up lots of questions...

- What is Medicare all about?
- Do I need to take it if I work and have health coverage now?
- How do I enroll?
- How much does it cost?
- What options are available through the University? How do they work with Medicare?
- Where do I start?



What is Medicare? Who is eligible?

What Is Medicare?

- Federal health insurance program administered by the Centers for Medicare and Medicaid Services (CMS)
- Eligibility and Enrollment handled by the Social Security Administration (SSA) or the Railroad Retirement Board (RRB)

Who is eligible?

Citizenship:

- United States citizen or
- Living in the U.S. legally for at least 5 years nonstop

And

Age:

- 65 years or older and eligible for Social Security

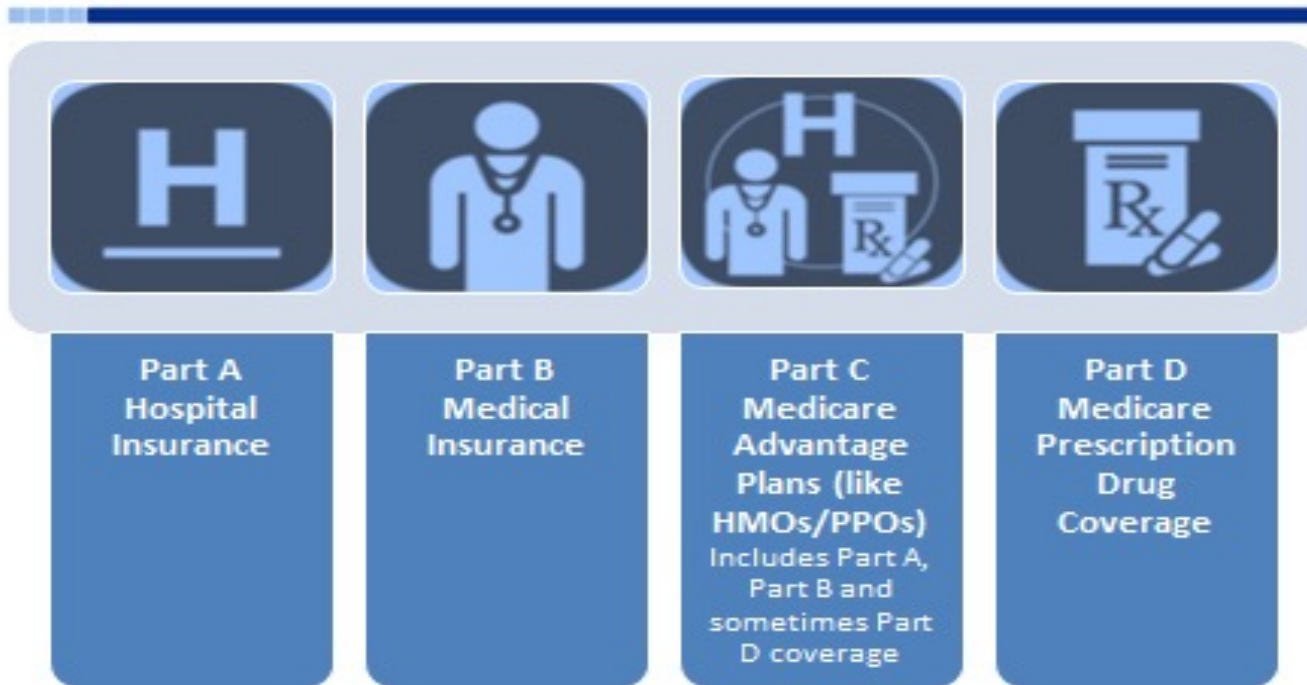
Or

Disability:

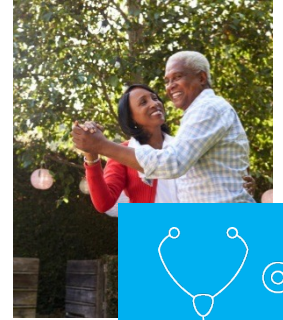
- People under 65 with certain disabilities
- All people with End-Stage Renal Disease (ESRD)



The 4 Parts of Medicare



If I continue to work, do I need to enroll?



Do I need to enroll in Part A and Part B?

- As long as you maintain medical coverage through an employer-sponsored large group health plan through Penn or your spouse's employer plan*, you may not need to enroll in Part A and Part B.
- Once you are planning to retire and will not have coverage through your Penn or your spouse's employer plan, contact Medicare at least 3 months before you plan to retire.

Can I delay enrollment into Medicare without getting a penalty for Part B or Part D?

- Yes, you may delay enrollment as long as you have coverage through an employer-sponsored large group health plan* through Penn or your spouse's employer and you will not be subject to a penalty.

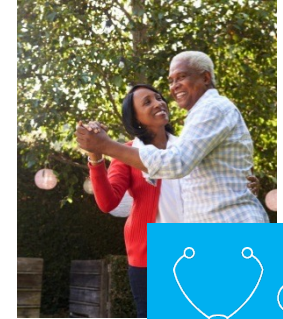
* A large group health plan is defined as a health plan for an employer group who has 20 or more employees for individuals who are not disabled.



I am on Disability and will be eligible for Medicare. Do I need to enroll?

Do I need to enroll in Part A and Part B?

- If you are covered as the primary subscriber on a Penn plan and you are no longer actively working, and eligible for Medicare, you **must** enroll in Medicare Parts A and B.
- If you not enrolled as the primary subscriber on a Penn plan, but you are covered as a dependent on your working-spouse's employer large group health plan*, you do not have to enroll in Medicare Parts A and B.



Can I delay enrollment into Medicare without getting a penalty for Part B or Part D?

- Yes, you may delay enrollment as long as you have coverage through your working-spouse's employer large group health plan* you will not be subject to a penalty.

* A large group health plan is defined as a health plan for an employer group who has 100 or more employees for individuals who are disabled.



I am enrolled in the Aetna High Deductible Health Plan with the HSA - should I enroll in Part A and Part B?

Declining Medicare Part A and Part B

- As long as you are not receiving Social Security benefits, you can choose to decline Part A until you retire
- You can delay Part B enrollment until you lose your active coverage
- If you are married and not enrolled in Medicare, but your spouse is enrolled in Medicare, you can still contribute to the HSA
- You should not contribute to the HSA or receive Penn seed money within the same tax year as you retire.

Enrolling in Medicare Part A and Part B

- If you are enrolled in Medicare, you cannot open or contribute to an HSA, or collect Penn seed money.
- You will continue to have access to any contributions made prior to Medicare enrollment



**How do I enroll
in Medicare?**

Do you have to apply for Medicare or do you get it automatically?

There are three enrollment periods for Medicare.

Enrollment is **automatic** if you are receiving:

- Social Security benefits
- Railroad Retirement Board benefits

Initial Enrollment Period (IEP):

- Sent 3 months before
 - ✓ 65th birthday or
 - ✓ 25th month of Social Security disability benefits
- General Election Period (GEP)
- Special Enrollment Period (SEP)

**Medicare
& You**
2021

The official U.S. government
Medicare handbook

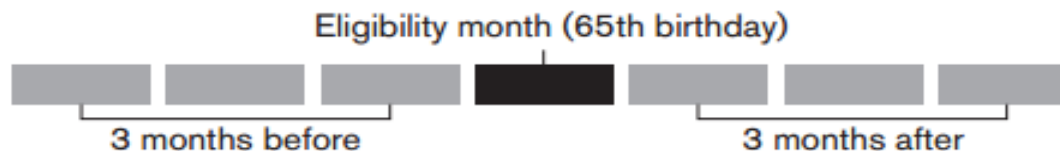


When can I enroll in Medicare Part A and Part B?

Initial Enrollment Period (IEP) is the first time you are eligible for Medicare

Turning 65:

- 7-month period surrounding the months of your 65th birthday
- 3-1-3 rule



Under 65 and disabled:

- 3 months before the 25th month of disability

Enrollment options:

- Join Medicare Part A and/or Part B and Part D

When can I enroll in Medicare Part A and Part B? (continued)

General Election Period (GEP) allows anyone who did not enroll in Medicare Parts A and/or B when first eligible and who are not eligible for a Special Enrollment Period

- Enroll during January 1 – March 31 of each year
- Part B coverage begins July 1st of the same year



When can I enroll in Medicare Part A and Part B if I am still actively working?

- **Special Enrollment Period (SEP)** may delay enrollment in Part B if covered by a large group health plan based on current employment that is primary – *this is the Enrollment Period that applies the most to Penn Retirees.*
- **Part B**
 - ✓ You are currently covered under active employee member/spousal coverage
 - Can enroll at any time
 - ✓ You lose active employee member/spousal coverage
 - **8-month period** (Parts A and/or B) beginning the month after employment ends or group coverage terminates, whichever is first
- **Enrollment Options**
 - ✓ Join Medicare Parts A and/or B, also enroll in Part D



Retirement and Penn's Plan Offerings

What happens once I meet the Rule of 75?

- You can retire – and be eligible for subsidized retiree medical
- You vest in retiree medical, but you can continue to work
- There is no loss of benefit entitlement once you meet the rule
- If eligible, you may consider FIAP or Phased Retirement option

Options Available upon Retirement

- Begin Retiree Benefits Immediately
- Defer – One time only at the time of retirement (current dependents only)
- Waive – cannot re-enroll



University of Pennsylvania pre-Medicare Retiree Medical Plan Options

Medical and Prescription

Plan	Type of Plan	What Providers are In Network	Who Processes Claims
PennCare/Personal Choice PPO	PPO	PennCare (highest benefit) Personal Choice	Independence Blue Cross
Aetna Choice POS II	POS	Aetna Choice POS II	Aetna
Keystone/Amerihealth HMO	HMO	Keystone/Amerihealth HMO	Independence Blue Cross
CVSCaremark	Prescription	CVS and other network pharmacies (Maintenance medications must be filled by mail order or CVS pharmacies)	CVSCaremark



University of Pennsylvania Medicare-Eligible Retiree Medical Plan Options

Medical			
Plan	Type of Plan	What Providers are In Network	Who Processes Claims
Aetna Medicare Plan (PPO)	Medicare Advantage Plan	Aetna Medicare Network	Aetna
Independence Blue Cross (IBC) Medigap Security 65 Standard Plan	Medicare Supplement	Providers accepting Medicare Assignment	Medicare processes as primary and IBC processes as secondary
Independence Blue Cross (IBC) Medigap Security 65 Premium Plan	Medicare Supplement	Providers accepting Medicare Assignment	Medicare processes as primary and IBC processes as secondary

You MUST be enrolled in Medicare Parts A and B for any of these options!



University of Pennsylvania Medicare-Eligible Retiree Prescription Drug Coverage

Part D Prescription Drug			
Plan	Type of Plan	Coordination of Benefits	Highlights
SilverScript (PDP)	Medicare Part D (PDP)	SilverScript processes claims as primary	SilverScript processes claims as Primary
University of Pennsylvania Part D Wrap Plan	Employer Group Waiver Plan/Wrap (EGWP/Wrap)	Wrap Plan processes as secondary	Wrap Plan also provides coverage during the coverage gap.

You MUST be enrolled in Medicare Parts A and B!



Coordination of Benefits: Medicare and Penn Plans for 65+

When a Faculty member is still actively working and covered under a Penn plan:

- Medicare is secondary and Penn plan is primary

When a Faculty member is on Long-Term Disability and covered under a Penn plan:

- Medicare is primary and Penn plan is secondary.*

When a Faculty member is retired and covered under a Penn Retiree plan:

- Medicare is primary and Penn plan is secondary.*

* Exception to this rule is when the participant is enrolled in the Aetna Advantage PPO - all claims are filed directly to Aetna for plan participants. Enrollment in Medicare Parts A and B is still required.



Coordination of Benefits: Medicare and End-Stage Renal Disease

- **Medicare is secondary** and the Penn plan is primary
 - ✓ During 30-month coordination period
 - ✓ Period begins the first month you are eligible for Medicare due to ESRD
 - *Even if you have not signed up*
- **Medicare is primary** and the Penn plan is secondary
 - ✓ After the 30-month coordination period



Coordination of Benefits: COBRA and Medicare

- **Medicare is always primary** to COBRA coverage
 - ✓ COBRA may act like a Medigap policy
- You should enroll in Part B if eligible
 - ✓ A Special Enrollment Period **DOES NOT** apply for loss of COBRA coverage
- You will have to pay a Part B late enrollment penalty if you decide to delay enrolling in Medicare because you had COBRA



Medicare costs

Monthly Medicare Part B Premium 2023

- Standard premium: \$164.90 (or higher depending on your income)
 - IRMAA – Income-related Monthly Adjustment Amount
 - MAGI – Modified Adjusted Gross Income
- Taken out of your monthly Social Security payment

Medicare Deductibles 2023 (Original Medicare)

- Part A Deductible - \$1,600
- Part B Deductible - \$226
- If you enroll in a Penn Retiree plan, you will not be responsible for the Medicare deductibles.



What is IRMAA?

Income-related monthly adjustment amount (IRMAA) is an additional amount of premium that you will pay for Medicare Part B coverage if you have income above the threshold. The amount of your IRMAA is based on your modified adjusted gross income.

Modified Adjusted Gross Income(MAGI)		Part B monthly premium amount
Individuals with a MAGI of \$97,000 or less	Married couples with a MAGI of \$194,000 or less	\$164.90
Individuals with a MAGI above \$97,000 up to \$123,000	Married couples with a MAGI above \$194,000 up to \$246,000	\$230.80
Individuals with a MAGI above \$123,000 up to \$153,000	Married couples with a MAGI above \$246,000 up to \$306,000	\$329.70
Individuals with a MAGI above \$153,000 up to \$183,000	Married couples with a MAGI above \$306,000 up to \$366,000	\$428.60
Individuals with a MAGI above \$183,000 up to \$500,000	Married couples with a MAGI above \$366,000 up to \$750,000	\$527.50
Greater than or equal to \$500,000	Greater than or equal to \$750,000	\$560.50

Social Security

When should I start?

Social Security - When to Take Benefits

- Are you willing to wait longer, in order to get a higher amount?

or...

- Do you want to collect sooner, and accept less?

If Waiting, to Get More...

- *For unreduced, full, 100% benefit, you must wait until you reach Full Retirement Age (FRA) to collect*
- Today, FRA is from 66 to 67, determined by your year of birth
- If you delay until after FRA, receive 8% yearly increase up to age 70.
 - Increase passes on to surviving spouse



Social Security - When to Take Benefits (continued)

- If you are already receiving benefits, you can suspend benefits if you are at FRA or later.
- This gives Delayed Retirement Credits (8% increase) when the benefit is resumed.
 - **All family benefits are suspended and you cannot receive benefit on another record while suspended.**

Things to consider when determining when to take benefits...

Longevity

Finances

Taxation

Lifestyle

Employment

Family Benefits (now/future)

Benefits are not retroactive if filing before FRA month. If filing after FRA month, benefits may be retroactive up to six months, but can't go back before FRA.





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Thank You!

For more information, contact the University of
Pennsylvania Benefits Solution Center at
HealthAdvocate 1.866.799.2329

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