



# Retiree Benefits and Medicare:

University of Pennsylvania  
& Health Advocate





## 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

### **Presenters:**

Sue Sproat – Penn

Renee Owens – Health Advocate



# Medical Benefits in Retirement

## 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





## 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



## Penn's Rule of 75

(continued)

### Examples:

- Hired full-time in 2008 at age 45. In 2018, 10 years + age 55.  $55+10=65$  – NOT ELIGIBLE
- Hired full-time in 2001 at age 48. Retiring in 2018 at age 65 with 18 yrs of svc.  $65+18=83$  – 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



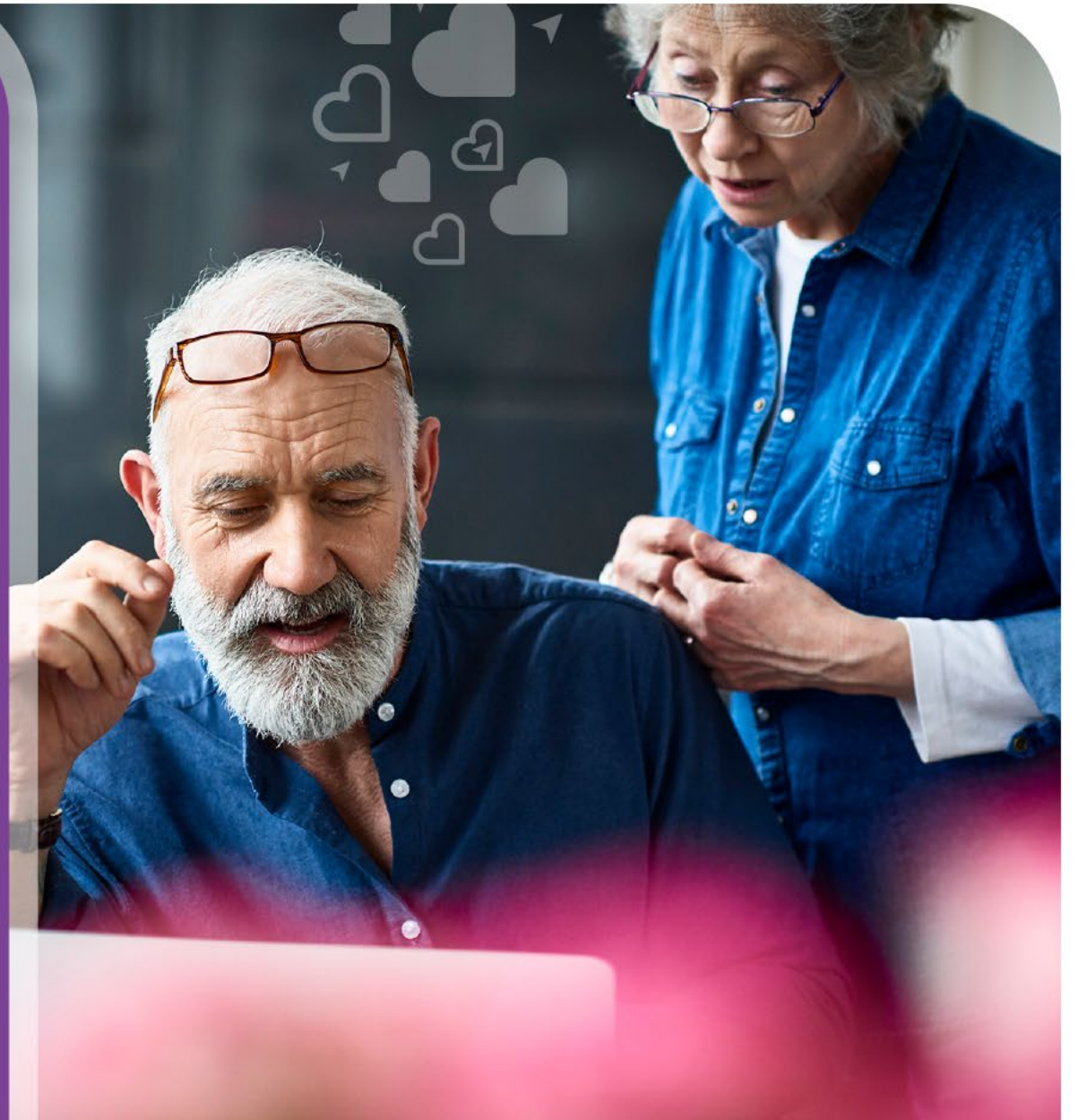
# Reaching age 65 is an important milestone... you're now eligible to enroll in Medicare!

(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?

**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)

# 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.



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

(continued)

**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.





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

**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.





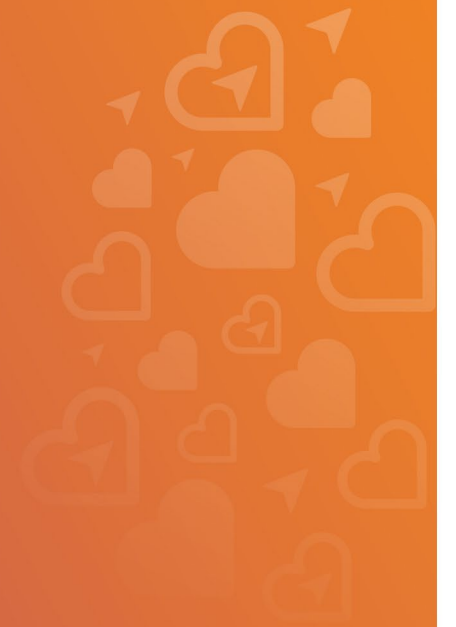
## I am enrolled in the Aetna High Deductible Health Plan with the HSA - should I enroll in Part A and Part B? (continued)

### 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)





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

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





## 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

**1**

**Enroll during January 1 – March 31 of each year**

**2**

**Part B coverage will start the month after the enrollee signs up**

# 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.

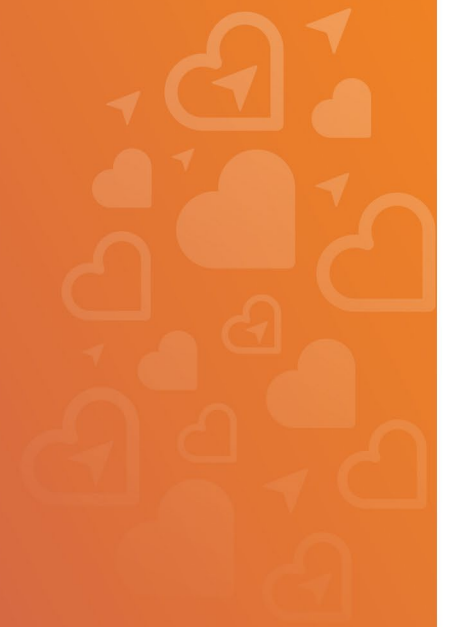
## Part B

- 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

**Enrollment Options** - Join Medicare Parts A and/or B, also enroll in Part D



# Retirement and Penn's Plan Offerings





# 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





# 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.



# 2024 University of Pennsylvania Retiree Premium Rates

## Retirees Hired Before January 1, 2006

- Non-Medicare Participants and Dependents – Billed Monthly
- Medicare-Eligible Retirees and/or Dependents
- Split Contract – Combination of Medicare Eligible and Non-Medicare Eligible Family Members

## Retirees Hired After January 1, 2006

- Non-Medicare Participants and Dependents – Billed Monthly
- Medicare-Eligible Retirees and/or Dependents – reduced subsidy for dependents.
- Split Contract – Combination of Medicare Eligible and Non-Medicare Eligible Dependent(s)



# Retirees Hired Before January 1, 2006

## Your Monthly Contribution

### MEDICAL

#### Non-Medicare Participants and Dependents – Billed Monthly

Coverage	Aetna Choice POS II	Keystone/Amerihealth (HMO)	PennCare/Personal Choice (PPO)
Retiree (single)	\$254	\$203	\$308
Retiree +1	\$508	\$406	\$616
Retiree +2 or more	\$762	\$609	\$924

#### Medicare-Eligible Retirees and/or Dependents

Coverage	Aetna Medicare (PPO)	MediGap Security 65 Standard (Medicare Supplement)	MediGap Security 65 Premium (Medicare Supplement)	MediGap 65 Special (Medicare Supplement)
<b>Single</b>				
Medical Only	N/A	\$51	\$100	\$100
Medical & Prescription	\$249	\$156	\$205	\$205
<b>Family*</b>				
Medical Only	N/A	\$102	\$200	\$200
Medical & Prescription	\$498	\$312	\$410	\$410



# Retirees Hired After January 1, 2006

## Your Monthly Contribution

### **MEDICAL**

#### Non-Medicare Participants and Dependents – Billed Monthly

Coverage	Aetna Choice POS II	Keystone/Amerihealth (HMO)	PennCare/Personal Choice (PPO)
Retiree (single)	\$254	\$203	\$308
Retiree +1	\$508	\$406	\$616
Retiree +2 or more	\$762	\$609	\$924

#### Split Contract – Combination of Medicare Eligible and Non-Medicare Eligible Family Members

Coverage	Aetna Choice POS II	Keystone/Amerihealth (HMO)	PennCare/Personal Choice (PPO)
1 Dependent	\$254	\$203	\$308
2+ Dependent	\$508	\$406	\$616



# Retiree Rates (continued)

## Medicare-Eligible Retirees and/or Dependents

Coverage	Aetna Medicare (PPO)	MediGap Security 65 Standard (Medicare Supplement)	MediGap Security 65 Premium (Medicare Supplement)
<b>Single</b>			
Medical Only	N/A	\$51	\$100
Medical & Prescription	\$249	\$156	\$205
<b>Family*</b>			
Medical Only	N/A	\$177	\$275
Medical & Prescription	\$652	\$466	\$564

## Split Contract – Combination of Medicare Eligible and Non-Medicare Eligible Dependent(s)

Coverage	Aetna Medicare (PPO)	MediGap Security 65 Standard (Medicare Supplement)	MediGap Security 65 Premium (Medicare Supplement)
<b>Dependent (Single)</b>			
Medical Only	N/A	\$126	\$175
Medical & Prescription	\$403	\$310	\$359
<b>Family</b>			
Medical Only	N/A	\$252	\$350
Medical & Prescription	\$806	\$620	\$718



## Coordination of Benefits: Medicare and Penn Plans for 65+

1. When a Faculty member is still actively working and covered under a Penn plan: Medicare is secondary and Penn plan is primary
2. When a Faculty member is on Long-Term Disability and covered under a Penn plan: Medicare is primary and Penn plan is secondary.\*
3. 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 2025

- Standard premium: \$185 (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 2025 (Original Medicare)

- Part A Deductible – \$1,676
- Part B Deductible – \$257
- If you enroll in a Penn Retiree plan, you will not be responsible for the Medicare deductibles.





# If you are expected to pay IRMAA, SSA will notify you that you have a higher Part B premium.

## Projected IRMAA for 2025

Single	Married filing jointly	Part B Income-Related Monthly Adjustment Amount
Less than or equal to \$106,000	Less than or equal to \$212,000	\$0.00
Greater than \$106,000 and less than or equal to \$133,000	Greater than \$212,000 and less than or equal to \$265,000	\$71.90
Greater than \$133,000 to and less than or equal to \$166,000	Greater than \$265,000 and less than or equal to \$332,000	\$179.90
Greater than \$166,000 to and less than or equal to \$199,000	Greater than \$332,000 and less than or equal to \$398,000	\$287.80
Greater than \$199,000 to and less than or equal to \$500,000	Greater than \$398,000 and less than or equal to \$750,000	\$396.00
Greater than or equal to \$500,000	Greater than or equal to \$750,000	\$432.00

Single	Couple MAGI	Part B
< \$105,000	< \$210,000	\$185.00
\$105,000 to \$131,000	\$210,000 to \$262,000	\$259.00
\$131,000 to \$163,000	\$262,000 to \$326,000	\$369.90
\$163,000 to \$196,000	\$326,000 to \$392,000	\$480.80
\$196,000 to \$500,000	\$392,000 to \$750,000	\$591.90
> \$500,000	> \$750,000	\$628.90

## Hired before 1/1/2006

Based on 65 yr old. monthly paid employee with a salary of 80,000 as of 7/1/24.  
(individual)

What you will pay for PennCare as an active employee	246.00
Cost for Retiree for IBC Security 65 Medigap Premium with RX	205.00
What you will pay for Medicare Part B	185.00
What you will pay for Medicare Part D	<u>0.00</u>
Total	\$390.00

Based on 65 yr old married employee with joint income of 170,000 as of 7/1/24. (Emp + Spouse)

What you will pay for PennCare as an active employee	615.00
Cos for Retiree + Spouse for IBC Security 65 Medigap Premium	410.00
What you will pay on Medicare Part B	185.00
What your spouse will pay on Medicare Part B	185.00
What you will pay for Medicare Part D	0.00
What your spouse will pay for Medicare Part D	<u>0.00</u>
Total	\$780.00



## Hired after 1/1/2006

Based on 65 yr old married employee with joint income of 170,000 as of 7/1/24.  
(Emp + Spouse)

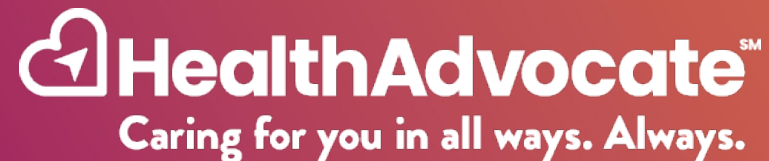
What you will pay for PennCare as an active employee	615.00
Cost for Retiree for IBC Security 65 Medigap Premium with Rx	205.00
Cost for Spouse for IBC Security 65 Medigap Premium with Rx	359.00
What you will pay on Medicare Part B	185.00
What your spouse will pay on Medicare Part B	185.00
What you will pay for Medicare Part D	0.00
What your spouse will pay for Medicare Part D	<u>0.00</u>
Total	\$934.00





# Thank you!

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





Copyright © 2023, Health Advocate. All Rights Reserved. All content of this presentation is the property and copyright of Health Advocate and may not be reproduced in any format without prior express permission. This presentation is intended for general information purposes only. It does not constitute insurance advice or legal advice. The reader should consult with knowledgeable professionals to determine how applicable laws and regulations apply to specific facts and situations. This presentation is based on current information and is for demonstration purposes only. It is possible that the laws, rules or compensation rates or other circumstances may change and therefore all information and examples contained herein are for illustration purposes only.

NOTE: Medicare information included in this presentation is subject to change