



## How Medicare and Retiree Insurance Work Together

*I am 64 years old and just retired. I will be eligible for Medicare in a few months. My former employer has offered me retiree coverage. How does retiree coverage work with Medicare?*

*~ Mr. Rouge*

Dear Mr. Rouge,

Every plan is different so you should check with your benefits coordinator to see how your retiree coverage will work with your Medicare. Regardless of your retiree insurance, you must make sure to enroll in Medicare Parts A and B because Medicare will always pay first after you retire (called primary insurance) and your retiree plan will pay second (called secondary insurance). Your employer is not required to offer you the same coverage as when you were working so your benefits and premiums may change. Retiree insurance can be good to keep because it may help pay for some of your out-of-pocket costs and for services that Medicare does not cover, such as vision or dental care.

It may also be a good idea to compare what your out-of-pocket costs will be with Medicare and your retiree plan as opposed to Original Medicare with a Medicare supplement (Medigap) policy. Keep in mind that when you enroll in Medicare Part B, you also trigger your open enrollment period to buy a Medigap policy. Medicare does not pay the full cost for most services it covers. Medigap insurance helps pay the costs of covered services that are not paid in full by Medicare. Your Medigap open enrollment period lasts for six months from the date you enroll in Part B and allows you to purchase a policy regardless of any health problems you may have and without paying a higher premium for the policy.

Sometimes your retiree insurance provider will convert your coverage into a Medicare Advantage plan, a type of managed care (like an HMO or PPO). In this case, in order to receive your retiree benefits, you would need to be in this plan, rather than stay in Original Medicare.

If you choose to drop your retiree insurance, you may not be able to get it back. If you have dependents that are also covered by this plan, you should check with your former employer to find out how this decision may impact your dependents.

If your retiree insurance includes **prescription drug coverage**, make sure to ask if it is “creditable coverage.” Your plan is required to send you a notice every year stating whether it is creditable. Creditable coverage means that your insurance is as good as or better than coverage through Medicare Part D. If it is creditable, you can continue to use your retiree

plan without paying a penalty if you decide to enroll in a Medicare Part D prescription drug plan in the future.

If your drug coverage through your former job is no longer offered, you will receive a special enrollment period that lasts 63 days from the date your coverage ends to choose and enroll in a Medicare Part D plan. In order to avoid paying a penalty (higher premium), make sure not to go longer than **63 days** without enrolling in a plan or some other kind of creditable coverage.

These coverage rules may be different if you have another type of government insurance such as veterans (VA) insurance or federal employee health benefits.

**Here is where you can go for additional information or if you need help:**

Medicare: 800-MEDICARE (800-633-4227) or TTY 877-486-2048

Social Security Administration: 800-772-1213 or TTY 800-325-0778

**Online Resources:**

Medicare Part D for People Who Have Drug Coverage Through an Employer or Union:  
<http://www.medicare.gov/Publications/pubs/pdf/11107.pdf>

Who Pays First: <http://www.medicare.gov/publications/pubs/pdf/02179.pdf>



AgeOptions on behalf of the Make Medicare Work Coalition

