



Medicare Snapshot:

Stories from the Helpline

A Costly Mistake: Missing Part B Enrollment

April 2015

The Medicare Rights Center is a national nonprofit, consumer service organization that works to ensure access to affordable health care for older adults and people with disabilities through counseling and advocacy, educational programs, and public policy initiatives. We serve callers on our national helpline by providing comprehensive, timely, understandable information about their Medicare benefits, rights, and options. In 2014, we fielded more than 14,000 questions from Medicare beneficiaries, family caregivers, and professionals. Many of our callers struggle to navigate the complexities of Medicare enrollment, like Mrs. G whose story is outlined in this brief.

Gaps in knowledge cause gaps in coverage:

When the only solution is “keeping our fingers crossed.”

Throughout their working lives, Mrs. G and her husband benefited from good jobs with good health insurance. They are both former professionals who remain involved in their community. When Mr. G turned 65, Mrs. G was working for a large company whose group health plan covered them both.

In late 2012, when Mrs. G was 64, the company she worked for was acquired, and her position was terminated. As part of the change in ownership, she and her husband were offered and accepted two years of continuing enrollment in the company’s group health plan, paid for by the company. From their perspective, the coverage for those years was identical to the coverage available to the couple while Mrs. G was employed.

Planning ahead, before the group health plan coverage was due to terminate in late 2014, the couple went to their local Social Security office to enroll in Medicare. For the first time, they were told that when Mrs. G stopped working, it triggered a change in how her group health plan coverage was treated under Medicare rules. Specifically, because Mrs. G was not “actively” employed within the past eight months, she and her husband were ineligible to enroll in Medicare Part B through a Special Enrollment Period (SEP).

They were able to enroll in Medicare Part A immediately, and did so, but that only covered hospitalizations and inpatient care. But for outpatient coverage through Part B, Mrs. G and her husband were told they would have to wait for the General Enrollment Period (GEP) in January 2015, and their coverage would not be effective until July 1, 2015—meaning Mrs. G and her husband would be without adequate health coverage for nearly a year. At the same time, the couple learned that because they delayed Part B enrollment for two full years—and did not have employer-sponsored coverage through “active” employment during this time—they will be required to pay a penalty of 20 percent (10 percent multiplied by the number of years delayed) on their Part B premium. This amount will be added to their monthly Part B premium for the rest of their lives.

Facing a precarious situation, Mrs. G attempted to purchase individual insurance for her and her husband, to fill the coverage gap while waiting for Medicare, and was turned away. So, Mrs. G called the Medicare Rights Center in search of solutions. Our counselors explained that Medicare law prohibits the sale of policies that offer the same coverage as Medicare to anyone who is enrolled in any part of Medicare. Medicare Rights’ counselors explored all available avenues to enrollment in Part B, but to no avail. Mrs. G expressed her frustration at the lack of information she and her husband had received from her employer and from Social Security. According to Mrs. G, they did not even realize “Medicare was something we needed to look into as long as we were covered by an excellent medical plan.”

Being without health coverage for any outpatient medical needs between now and next July is what worries Mrs. G most of all. She told Medicare Rights that she is “keeping her fingers crossed” that neither she nor her husband need any significant health care between now and then. Unfortunately, this wishful thinking is the only solution available to them.

Information for Policymakers

An often-reported fact is that 10,000 Baby Boomers are turning 65 and becoming Medicare-eligible each day.¹ Less well known, and commonly misunderstood, are the rules concerning how to enroll in Medicare and the potential consequences for those who make mistakes. While many newly eligible Medicare beneficiaries are automatically enrolled in Medicare Part A and Part B, others must make a proactive choice to enroll. Too frequently, individuals mistakenly delay or decline Part B enrollment because they are unaware of their rights and obligations, or because they are concerned about the premium cost.² For those who fail to enroll in Part B in a timely manner, possible consequences include gaps in coverage, lifetime premium penalties, and disruptions in accessing needed care.

Medicare beneficiaries can enroll in Medicare Part A and Part B at any time during their Initial Enrollment Period (IEP). The IEP is the seven-month period surrounding the month of a person's 65th birthday or 25th month of receiving Social Security Disability payments. This period includes the three months before, the month of, and the three months following the person's birthday month or date of Medicare eligibility. The date when Medicare coverage begins depends on the date the person signed up. Some people who are currently working and have coverage through an employer group health plan can wait to sign up for Medicare during a Special Enrollment Period (SEP). People who miss their IEP or SEP must wait for the General Enrollment Period (GEP) to enroll in Medicare Part B. The GEP occurs annually, from January 1 to March 31. Coverage for beneficiaries who enroll during the GEP begins in July of the same year.³

In 2014, the Medicare Rights Center's national helpline fielded more than 14,000 questions, and the second most common question concerned transitioning to Medicare (22 percent). Nearly one-quarter of these calls were from people experiencing challenges enrolling in Part B, whether because they were navigating a specific hurdle (38 percent), did not understand enrollment periods (28 percent), or were unsure whether they were Medicare-eligible (13 percent).

Individuals who make a mistake and then must wait to enroll in Part B, like Mrs. G and her husband, typically have no other way to obtain health insurance before their Part B coverage begins.⁴ Provisions that allow Part B enrollment outside of the standard enrollment periods described above are very narrow, and are mostly only available to people who can prove they relied on misinformation from an agent of the federal government when making an enrollment choice.⁵ Limited avenues for relief leave many individuals who receive misinformation from other sources—like an employer or health plan—or who are simply uninformed, with *no opportunity* to undo adverse consequences resulting from innocent enrollment errors.

Medicare Rights recommends the following improvements to the Medicare enrollment process:

In particular, Mrs. G's case and others like it underscore the need to:

Educate newly eligible Medicare beneficiaries: Notifications and alerts about the Part B enrollment process are especially important for people who are not yet collecting Social Security benefits, because these individuals will not be automatically enrolled in Medicare. Yet, no federal agency is responsible for informing these individuals about their obligations and the rules related to Medicare enrollment. The Centers for Medicare & Medicaid Services (CMS) and the Social Security Administration (SSA) should coordinate efforts to better inform newly eligible beneficiaries of the Part B enrollment process, namely by creating a new notice which would be sent to all people as they approach Medicare eligibility. It is critically important that individuals transitioning from specific types of coverage, such as employer plans, Marketplace plans, or Medicaid, receive messaging appropriate to their specific transition.

Educate employers and others interacting with transitioning individuals: More employer education about Medicare enrollment and coordination of benefits is needed. All too frequently the Medicare Rights Center receives calls where employers have not fully informed new retirees about Part B enrollment rules. The federal government should be required to disseminate educational materials to employers about Part B enrollment. Similar to Part D enrollment notifications, CMS should require employers to provide their Medicare-eligible employees with standardized information about Part B enrollment. CMS should also engage and support other common information sources for individuals becoming Medicare-eligible, including state Marketplaces, state Medicaid offices, health plans, and others.

Streamline and align enrollment periods: As currently structured, individuals who enroll in Part B too late—either in the later months of the Initial Enrollment Period (IEP) or during the General Enrollment Period (GEP)—face gaps in access to outpatient health coverage, sometimes for several months. These gaps should be eliminated to ensure that coverage begins as quickly as possible following enrollment. At the same time, the General Enrollment Period (GEP) should be aligned with the Medicare Open Enrollment period for Medicare Advantage and Part D plans. This alignment would make it easier to educate Medicare beneficiaries and newly eligible individuals about a standard and predictable Medicare enrollment season.

Strengthen avenues for equitable relief. Newly eligible Medicare beneficiaries who are not collecting Social Security benefits receive no formal notification from the federal government about the rules associated with Medicare enrollment. As a result, many individuals look to sources other than the federal government—most notably employers, private health plans, and insurance brokers—for information about how benefits coordinate and when or whether to enroll in Medicare. Given the complexity of the rules associated with Medicare enrollment, it is not surprising that these sources often provide people with incorrect guidance. For these individuals there is no avenue for relief from the higher health care costs and gaps in coverage that result from mismanaged transitions. Congress should allow equitable relief for individuals who receive misinformation from employers, health plans, and insurance brokers.

Information for People with Medicare

With the right notification, information and tools, there would be no need for Mrs. G and her husband to “keep their fingers crossed” and hope to stay healthy. And there would be no need for Mr. and Mrs. G to pay a premium penalty for the remainder of the lives. To avoid common mistakes, people approaching Medicare must know the rules and obligations around Medicare enrollment. The following is straightforward advice that the Medicare Rights Center gives our clients who have questions about transitioning to Medicare:

- ✓ Consider all your options well before you become Medicare-eligible. Start thinking about Medicare enrollment *six months before* you turn 65 or *six months before* your 24-month waiting period ends. During this time, think about any other insurance you might have access to after you become eligible for Medicare and find out how that coverage will work or not work with your Medicare.
- ✓ If you have employer-sponsored health coverage, then you should carefully consider whether to enroll in or delay Medicare Part B. For example, if you are considering Medicare because you are turning age 65 and there are fewer than 20 employees at the company where you or your spouse currently work, Medicare is your primary coverage. You should not delay enrollment into Part B. If you decline Part B, you will have no primary insurance, which is usually like having no insurance at all.
- ✓ Make an appointment to speak to a representative at your local Social Security office about your circumstances after you have done some basic research on www.ssa.gov and at www.medicareinteractive.org, or after talking to a State Health Insurance Assistance Program (SHIP) counselor (call 877-839-2675 to find a counselor in your state, or visit www.shiptacenter.org to find your local SHIP).
- ✓ Write down what you are told by the Social Security representative, confirm you understand the information you are being given, and keep a record of the conversation. Enrollment mistakes may be remedied if your mistake was the result of misinformation you receive from government representative so; in general, it is wise to keep written records of conversations held with representatives from any government agency and with insurers.
- ✓ If you are going to enroll in Part B, do so early in your Initial Enrollment Period (IEP) so that you do not experience any delay in coverage. Ideally, enroll during the three months before you turn age 65 or during the three months before your Medicare eligibility begins after the 24-month waiting period.
- ✓ If you are in an unusual circumstance, don't assume that you understand how the general rules apply to you. Explain your circumstance to a trained counselor and ask questions!

For additional help, visit the Medicare Rights Center's informational website at www.medicareinteractive.org, or call us at 800-333-4114. Other resources include 1-800-Medicare and your [State Health Insurance Assistance Program \(SHIP\)](#).

References

- ¹ Kessler, G., “Do 10,000 baby boomers retire every day?,” Washington Post, July 24, 2014, available at: <http://www.washingtonpost.com/blogs/fact-checker/wp/2014/07/24/do-10000-baby-boomers-retire-every-day/>; Pew Research Center, “Daily Number: Baby Boomers Retire,” (December 2010), available at: <http://www.pewresearch.org/daily-number/baby-boomers-retire/>
- ² The 2014 and 2015 standard Part B premium amounts to \$104.90 per month; Centers for Medicare and Medicaid Services “Your Medicare Costs: Part B Costs,” available at: <http://www.medicare.gov/your-medicare-costs/part-b-costs/part-b-costs.html>
- ³ For more information about the IEP and GEP, refer to the Medicare Interactive information here: http://www.medicareinteractive.org/page2.php?topic=counselor&page=script&script_id=259.
- ⁴ Section 1882(d)(3)(A) of the Social Security Act
- ⁵ 42 U.S.C. § 1395p (h); POMS at HI 00805.170

For more a more detailed explanation of comment Part B enrollment pitfalls and policy recommendations, refer to: [Medicare Part B Enrollment: Pitfalls, Problems and Penalties](#).