



The Medicare Counselor

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Medicare Rights Center

www.medicarerights.org

Understanding Medicare for Railroad Workers

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While the majority of Americans who have Medicare got it from Social Security, this is not the case for the country's railroad workers. They qualify for railroad retirement benefits from the **Railroad Retirement Board**.

If you get your retirement benefits from the Railroad Retirement Board, your enrollment in Medicare will be processed by the Railroad Retirement Board, instead of by Social Security. Your Medicare benefits will generally work the same way as they do for people who enrolled in Medicare through Social Security. However, enrollment in Medicare through the Railroad Retirement Board is different in several ways.

- **If you are receiving railroad retirement benefits or railroad disability benefits, known as a railroad disability annuity**, the Railroad Retirement Board will automatically enroll you in Medicare Parts A and B **when you become eligible for Medicare**. A few months before your Medicare eligibility begins, you will receive your Medicare card and a letter from the Railroad Retirement Board explaining that you have been enrolled in Medicare.
- **If you qualify for railroad retirement benefits, but are not yet receiving them when you turn 65**, you will need to contact your local Railroad Retirement Board field office to enroll in Medicare.
- **If you are under 65 and have a disability**, whether you are eligible for Medicare and when you get it depend on how your disability has been classified by the Railroad Retirement Board—as “total disability” or as “occupational disability.”
 - **Total disability** means that due to your disability, you are unable to work at **any** job. If you qualify for disability benefits based on total disability, you will be eligible for



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your address book or
safe sender list to
make sure you
continue to receive
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inbox (not bulk or
junk folders).

Medicare the month after you receive your 24th railroad disability annuity check.

- **Occupational disability** means that due to your disability, you are unable to work at **your regular railroad job** but you may be able to work at another job. If you qualify for disability benefits based on occupational disability, you will **not** be eligible for Medicare unless you are granted a **period of disability** (“disability freeze”).

You may be granted a disability freeze if a medical condition prevents you from working at any kind of job for at least 12 months, or if you are at least 55 years old and unable to work due to blindness. You will be eligible for Medicare beginning 29 months after the freeze date.

There are two exceptions to these rules:

1. If you are diagnosed with amyotrophic lateral sclerosis (ALS), commonly known as **Lou Gehrig’s disease**, you will be automatically eligible for Medicare beginning the month you receive your first railroad disability annuity check.
 2. If you get continuing dialysis for permanent kidney failure (**end-stage renal disease**, or **ESRD**), or you have had a kidney transplant, you should enroll in Medicare by contacting Social Security, even if you are a railroad worker.
- The Railroad Retirement Board will collect your Medicare Part A premiums (**if you owe any**) and **Part B premiums**. If you receive railroad retirement benefits or railroad disability annuity checks, your

Medicare premiums will be automatically deducted from your Railroad Retirement Board check each month.

- **Your Medicare card will look different.** Like all other Medicare cards, yours will be red, white and blue, but it will say “Railroad Retirement Board” on it and will have the address of the Railroad Retirement Board on the back. Also, your Medicare number will appear with a letter **before** your number. (Most Medicare cards have the letter **after** the number.)

However, these differences are subtle. Do not assume that your providers will notice that your card is different. **It is important to tell your providers that you have Railroad Medicare** so they know to submit claims for your Part B-covered services to the Part B carrier selected by the Railroad Retirement Board.

In addition, your doctors and other health care providers have to bill differently for services covered under Medicare Part B. Part B is the part of Medicare that covers most outpatient services, such as medically necessary doctors’ visits, durable medical equipment, hospital outpatient services, laboratory tests, X-rays, and some home health and ambulance services. When you get Medicare-approved Part B services, your health care providers must send claims to a company that was selected by the Railroad Retirement Board to process Part B claims (Part B carrier). To make sure that Medicare pays for your approved health care services, **always tell your health care providers that you have Railroad Medicare.** This does not affect the health care you receive, only where the bill is sent by your provider.

For more information about Railroad Medicare or to get contact information for your local Railroad Retirement Board field office, call the Railroad Retirement Board at 312-751-7139.

How does Medicare Coordinate with Employer Health Coverage If You Have Medicare Due to End-Stage Renal Disease (ESRD)?

In the March–April 2008 edition of *The Medicare Counselor*, we covered the topic of whether Medicare is primary or secondary coverage if you have employer insurance. That article was focused solely on people who are eligible for Medicare because of age (over 65) or disability (under 65 with Social Security Disability Insurance) due to reasons **other** than having end-stage renal disease (ESRD). Here, we will address the issue of Medicare as primary or secondary coverage for people eligible for Medicare due to ESRD.

First 30 Months of Medicare Eligibility

If you are eligible for Medicare because you have ESRD, there is a period of time when your employer or retiree health plan will pay first and Medicare will pay second. This is called a 30-month **coordination period** and starts when you first qualify for Medicare coverage even if you have not signed up for it yet.

Notes:

- If you do not have employer or retiree insurance, Medicare will be primary from the beginning.
- If you have COBRA during this time, COBRA will be your primary insurance during your 30-month coordination period. If your COBRA coverage ends before the 30 months have passed, Medicare becomes primary.

After 30 Months of Medicare Eligibility

At the end of the 30-month coordination period, Medicare will pay first for all Medicare-covered services and your employer group health plan or retiree plan will pay second. (Your employer

group or retiree health plan may also pay for services not covered by Medicare. Contact your benefits administrator to find out.)

If you still have COBRA when the 30-month coordination period ends, Medicare will pay first and your COBRA coverage may end (check with your State Department of Insurance for details on your state's laws regarding COBRA coverage).

Can you delay enrollment in Medicare?

If you have ESRD and have good employer insurance and you do not need Medicare to supplement your coverage, **you can delay enrollment in Medicare** Parts A and B until the end of the 30-month coordination period. This will allow you to avoid paying the monthly Medicare Part B premium.

To do so without incurring a premium penalty when you enroll later, **do not enroll in Medicare Part A or Part B** when you first become eligible for Medicare.

Instead, to avoid a gap in coverage, enroll in Medicare Parts A and B a few months before your 30-month coordination period ends. Tell Social Security that **you want your Medicare coverage to begin the first month after the coordination period ends**, when Medicare will become your primary coverage. **Apply early** to give Social Security time to process your application.



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Medicare Part D Appeals: An Advocate's Manual to Navigating the Medicare Private Drug Plan Appeals Process. MRC's FREE manual offers a comprehensive, easy-to-understand overview of the entire appeals process.

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www.medicarerights.org/appealsmanual.html



Do you need help understanding or explaining Part D to your clients?

Call the Medicare Rights Center's Professional Hotline at 800-RxHELP-0 (877-794-3570).

Counselors are available Monday through Friday, from 9 a.m. to 6 p.m. EST.

Medicare Health Plan Options

Medicare is the federal government program that gives you health care coverage if you are 65 or older or under 65 and have a disability, no matter what your income. Medicare covers most of your medically necessary hospital care and doctors' services. There are two ways to get your Medicare coverage, either through Original Medicare or through a Medicare private health plan (like an HMO or PPO), and it is important to understand how your choice could affect the health care you get. The more you know about coverage rules, the more likely you are to get the care you need.

Original Medicare

When you become eligible for Medicare, you will get Original Medicare automatically. If you are satisfied with Original Medicare, you can keep it. You do not have to sign up for a Medicare private health plan. Original Medicare has two parts, Part A (inpatient/hospital insurance) and Part B (outpatient/medical insurance), which together help cover most of your medically necessary care. Medicare Part A covers care in hospitals, skilled nursing facilities, hospice and some home health care. Medicare Part B covers most doctors' services, preventive care, laboratory and X-ray services, durable medical equipment (e.g., wheelchairs, hospital beds), hospital outpatient services, home health care, and ambulance services.

Most people receive Medicare Part A for free. (If you have worked and/or paid into Social Security for fewer than 10 years, you will have to pay a Part A monthly premium that depends on your work history.) Everyone must pay a monthly premium for Part B coverage (\$96.40 in 2008, greater if you earn over \$80,000 per year as an individual or \$160,000 as a couple).

With Original Medicare, you use your red, white and blue Medicare card when you go to the doctor or hospital and your providers bill the federal government for your care. About 80 percent of people with Medicare choose to receive their coverage from Original Medicare because it allows members to go to any doctor or hospital in the country that accepts Original Medicare coverage (which is most). You never need a referral to see doctors under Original Medicare, even if they are ones that you do not usually go to. Original Medicare limits the amount of money that you can be billed on all Medicare-covered services and covers most medically necessary services that you may need to stay healthy.

On top of your monthly Medicare premiums, you are also responsible for deductibles when you go to the doctor (\$135 for the year in 2008) or hospital (\$1,024 for each benefit period in 2008), coinsurance

Medicare pays 80 percent of the cost of most doctors' visits; daily coinsurance in the hospital varies depending on how long you have been admitted), and the full cost of services that Medicare does not cover (such as long-term health care).

Original Medicare covers most services needed to keep you healthy, but it does not cover many services, such as an annual physical, dental care, foot care, hearing care, or eye care on a routine basis. (However, Original Medicare may cover some of these services in very limited circumstances.) To increase your coverage with Original Medicare, you can also get supplemental coverage through an employer (current or former) or union, or a private plan called a Medigap. Supplemental coverage will help cover the costs that Original Medicare does not cover, such as your deductibles and coinsurance.

If you have Original Medicare and want the Medicare drug benefit (Part D), you will need to add a stand-alone private drug plan (called a PDP). It is very important that you choose drug coverage that works with your Medicare health benefits.

Medicare Private Health Plans

In addition to the option of getting your health care coverage through Original Medicare, you also have the option of getting your Medicare coverage from a Medicare private health plan (sometimes referred to as "Medicare Advantage"). Medicare private health plans are insurance companies that contract with Medicare to administer your benefits to you. They include plans like health maintenance organizations (HMOs), preferred provider organizations (PPOs) and private-fee-for-service (PFFS) plans. This type of Medicare coverage is often referred to as Part C. Part C is not a separate benefit.

Medicare private health plans must provide all

of the services that Part A and Part B cover but can have different rules and costs for covering these services. Medicare private health plans can also offer Medicare Part D (drug coverage) as part of your benefits and may also provide extra services that Original Medicare does not cover (like routine eye, hearing or dental care).

If you join a Medicare private health plan, you will continue to be responsible for paying your Medicare Part A and Part B premiums (if you have any). Some plans may charge an additional monthly premium. Most Medicare private health plans charge a small, fixed amount called a "copayment" for services that you receive from the doctor (such as \$15) no matter what the service costs, but copayments for specialty care, like chemotherapy and hospitalization, may be much more expensive in private health plans than they are in Original Medicare. Private plans may also limit the amount of certain services that they will cover. Private health plans can also increase their premiums and copayments and change their benefits from one year to the next.

In addition, you must follow the plan's rules in order to get the care you need covered. Most Medicare private health plans have networks of doctors, hospitals, pharmacies and other medical facilities that contract with the plan to provide services. Private plan networks generally serve one particular county or area of a state. You will pay less to see doctors and use medical facilities that are in your plan's network, and you could end up paying a lot more if you need to go to an out-of-network doctor or hospital. You may also need a referral from your primary care physician to see a specialist or you may have to get the plan's permission (prior authorization) to get certain tests or procedures. If you travel a lot, it might be a good idea to stick with Original Medicare to have the option of going to any Medicare doctor or hospital in the country.

Before you join a Medicare private health plan, make sure you understand that specific plan's network and coverage rules. Do not feel pressured to sign up for a plan before you have confirmed all the facts.

Delaying Medicare Enrollment Without Penalty

It is important to sign up for Medicare coverage when you first become eligible because of age, disability or end-stage renal disease (ESRD), in order to avoid having to pay a premium penalty if you decide to enroll later. You can incur premium penalties for delaying enrollment in both Part B and Part D. However, under certain circumstances you can delay enrollment without penalty. The following information will help you decide if you can or should delay enrolling in Medicare Parts B and/or D.

Delaying Enrollment in Part B

If you or your spouse is **currently** working when you become eligible for Medicare and you are receiving health insurance through your or your spouse's job, you are eligible for a Special Enrollment Period (SEP) to enroll in Part B when your or your spouse's employment or coverage ends.

If you have employer coverage from your own or your spouse's **current** job (**not retiree insurance or COBRA**), you can enroll in Medicare for the first time at any point while you are receiving employer insurance, and for eight months after you or your spouse stop **actively** working or your employer coverage ends (whichever comes first).

Note: Under these circumstances you can delay enrollment in Medicare Part B without penalty whether your employer insurance is primary or secondary. However, **if your employer insurance is secondary to Medicare coverage**, neither Medicare nor your job coverage (with limited exceptions) will pay for your doctors' services and other medical care if you are not enrolled in Medicare Part B.

(For information on whether you can delay enrollment in Medicare if you are eligible due to ESRD and you have employer insurance, see "How Does Medicare Coordinate with Employer Health Coverage If You Have Medicare Due to ESRD?" on page 6.)



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View a recording of the presentation online starting Friday, May 9:

www.medicarerights.org/webinars.html

If you do delay enrolling in Part B because you have employer insurance through your or your spouse's current job, it is important to note that even if there is a break in your employer health coverage you may still be eligible for an SEP when you lose this coverage.

If your group health plan coverage ends, but you then become covered by another group health plan (either the same plan or a new one) **before eight months pass**, you are still entitled to an eight-month SEP when the second coverage ends. For example, if you get a new job and have a gap in coverage for a few months between the two jobs, you still have an eight-month SEP to enroll in Medicare Part B without penalty after your latest job or employer health coverage ends. That remains true no matter how many breaks in coverage take place.

If you are not eligible for an SEP and you delay enrolling in part B, you will be penalized when you later enroll. For each 12-month period you delay enrollment in Medicare Part B, you will have to pay a 10 percent Part B premium penalty. In most cases you will have to pay that penalty every month for as long as you have Medicare. The only exception is if you are under 65 and eligible for Medicare due to a disability and pay premium penalties. Once you turn 65, you no longer have to pay the premium penalty.

Delaying Enrollment in Part D

If you currently have drug coverage through any source other than Medicare, such as a current or former employer or a union, you may be able to delay enrollment in Medicare's drug benefit, Part D, without penalty. Whether you will have to pay a premium penalty if you later enroll in Part D depends on

- whether your other drug coverage was as good as or better than Medicare's drug benefit ("creditable"); and
- how much time passed between the time you lost your other drug coverage and you enrolled in Medicare Part D.

Case Example

Mr. C had health insurance through his employer when he turned 65. Because there were more than 20 employees in the company, his health insurance was primary to Medicare, and he decided to delay enrollment in Part B.

Mr. C lost his job in January, but got a new job in February and joined a new group health plan through that employer, which was also primary to Medicare.

In April, Mr. C quit that job and couldn't find work again until November. Between those two jobs, Mr. C was covered under COBRA. Finally, when Mr. C decided to retire the end of the following April, he still had eight months, until December 31, to enroll in Medicare Part B without penalty since all the breaks between group health plans had lasted fewer than eight months.

If you have coverage that is creditable and you like it, **you can keep it** and not enroll in Part D. If you later drop your creditable coverage, **you have 63 days** to join a Medicare private drug plan without paying a penalty. You should get a notice from your employer every year letting you know how your employer benefits are changing and whether or not your drug coverage is considered creditable. (If you do not receive this notice from your employer by October of every year, then you should inquire with the organization that provides your employer health benefits.) Always get notice of creditable coverage in writing and keep it in your files. If your coverage is not as good as Medicare's, you may want to consider the Medicare drug benefit. You may have to pay a penalty if you enroll after you are first eligible.

Note: There are two other situations in which you would not have to pay the Part D penalty even if you delay

enrollment in the drug benefit and you do not have creditable drug coverage. The first is if you qualify for Extra Help—a federal program that helps pay most of the costs of a Medicare drug plan—and enroll in a Part D plan in 2008. The second is if you can show you received inadequate information about whether your drug coverage was creditable.

Whether or not you can have Medicare drug coverage **in addition** to your employer coverage depends on your employer plan. If you want to keep your employer benefits and are considering joining a Medicare drug plan, **ask your employer if you can have both types of coverage**. Many employer plans do not work with the drug benefit, and, depending on the employer plan, **you could lose all your employer benefits (both health and drug) if you join a Medicare private drug plan**.

If you later decide you want to drop your employer coverage and get the Medicare drug benefit, you will get a **Special Enrollment Period (SEP)** to switch to a Medicare private drug plan. This SEP will generally occur whenever your employer normally allows you to make changes to your health benefits.

If you do not enroll in the Medicare drug benefit (Part D) when you first become eligible, you do not have creditable coverage and you do not meet the circumstances described above under “Note,” you may have to pay a premium penalty when you enroll at a later date. The **premium penalty** for Part D will be 1 percent for every month you delay enrollment (1 percent of the average national premium). For example, the average national premium in 2008 is \$27.93 a month. If you delayed enrollment for seven months, your monthly premium penalty would be \$1.96 ($\$27.93 \times 1\% = \$0.2793 \times 7 = \1.96), which will be **added to your plan’s monthly premium**.

If you have to pay the premium penalty, you will do so **for as long as you are enrolled in the Medicare drug benefit**. The amount of this penalty will change every year, as the national average premium changes.

Similar to the Medicare Part B premium penalty, if you are under 65 and eligible for Medicare due to a disability and pay premium penalties, you no longer have to pay the Part D premium penalty once you turn 65.



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