

# The ACA: Marketplace Plans and Medicare

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# How Medicare Works with Marketplace Insurance

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Information for Professionals Who Work with Medicare Beneficiaries

**Medicare and the Individual Marketplaces**

# National Council on Aging

## ❖ Who We Are:

NCOA is the nation's leading nonprofit service and advocacy organization representing older adults and the community organizations that serve them.



## ❖ Our Mission:

To improve the lives of millions of older adults, especially those who are vulnerable and disadvantaged.

# Center for Benefits Access

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- ❖ Helps community-based organizations find and enroll seniors and younger adults with disabilities with limited means into the benefits programs for which they are eligible
- ❖ [www.centerforbenefits.org](http://www.centerforbenefits.org)



# This training will cover

- ❖ The Marketplaces
- ❖ Medicare beneficiaries and individual Qualified Health Plans (QHPs)
  - Transitioning from a QHP to Medicare
  - Consequences of late enrollment and strategies for resolving Medicare enrollment mistakes
- ❖ The Small Business Health Options Program (SHOP)
- ❖ Medicare beneficiaries and the Small Business Health Options Program (SHOP) plans
- ❖ Making decisions about Medicare drug coverage



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# The Marketplaces

# Case example: Raymond

- ❖ Raymond is 67 years old, lives in Nebraska, is enrolled into Original Medicare Parts A and B, has a stand-alone Part D plan and has Medigap policy C
- ❖ Raymond has premium-free Part A
- ❖ Raymond hears about the Marketplaces on TV and thinks he needs to change his coverage
- ❖ He calls you and asks a series of questions
  - Do I need to disenroll from Medicare and switch to a Marketplace plan?
  - Do I need to change or add to my coverage because of the Marketplaces?
  - Are private Medicare plans (Part D, Medicare Advantage, Medigap) sold through the Marketplaces now?
- ❖ After this presentation ends, you will know what to tell Raymond

# The Marketplaces: background

- ❖ Forums where businesses and individuals can shop for health coverage
  - Insurance for individuals = Qualified Health Plans (QHPs)
  - Insurance for businesses = Small Business Health Options Program (SHOP) plans
- ❖ Marketplaces permit comparison of available plan options based on price, benefits, services and quality
- ❖ Marketplaces are also called Exchanges and may have other names depending on the state
- ❖ Marketplaces typically provide insurance to individuals who currently have no insurance coverage or insufficient insurance coverage



# The Marketplaces: background

- ❖ Marketplaces operate in every state and the District of Columbia
- ❖ How state Marketplaces are run varies
  - Some states run their own Marketplaces
  - Some states partner with the federal government
  - Some states rely on the federal government to run their Marketplaces

# Help paying for QHP coverage

- ❖ People with incomes between 100 percent and 400 percent of the federal poverty level (FPL) can receive tax credits to pay for their QHP premiums
- ❖ Some groups never qualify for tax credits:
  - ❖ People who are eligible for Medicaid
  - ❖ People who are eligible for Medicare
    - ❖ Some exceptions may apply

# Requirement for health coverage

- ❖ Starting January 1, 2014, U.S. residents must have a minimum level of health coverage, called minimum essential health coverage
  - ❖ This requirement is also known as the Individual Mandate
- ❖ Minimum essential health coverage includes: Medicare, Medicaid, employer coverage and/or QHPs
- ❖ People who fail to obtain minimum essential coverage need to pay a fee unless they can't afford health coverage

# Do the Marketplaces affect Medicare?

- ❖ The Marketplaces do not affect Medicare coverage
- ❖ Medicare will operate the same way it has always operated
- ❖ Medigap policies, Medicare Advantage plans and stand-alone Part D drug coverage will not be sold through the Marketplaces
- ❖ People with Medicare should not use the Marketplaces to change their coverage

# Open enrollment periods

- ❖ The Marketplace Open Enrollment Period overlaps with Medicare's Annual Open Enrollment Period
  - Medicare Annual Open Enrollment Period (October 15 - December 7)
  - Marketplace Open Enrollment Period for 2015
    - (Proposed November 15, 2014 – February 15, 2015)
- ❖ People with Medicare should use Medicare's Annual Open Enrollment Period to examine their Medicare plans and make changes if the plans no longer meet their needs

# People with Medicare and the Marketplaces

- ❖ People with Medicare should not drop their Medicare coverage or enroll in a QHP
- ❖ It is illegal for a Marketplace sales representative who knows a person has Medicare to sell them a QHP
- ❖ **Note:** There are some very limited exceptions to these rules. Please see the Marketplaces for People with Medicare Frequently Asked Questions handout for information on exceptions.

# People with Medicare and the Marketplaces

- ❖ Medicare provides the most cost-effective coverage
  - Premiums for Medicare Parts A and B, Medigap and Part D plans should cost less than QHPs and provide more coverage
  - Most people who qualify for Medicare will not qualify for low-income tax credits to help pay QHP premiums
- ❖ Medicare Part A fulfills the minimum essential coverage requirement

# Transitioning to Medicare from a QHP

- ❖ If someone has a QHP, they should:
  - Take Medicare once they become eligible, and
  - Drop their QHP
    - At least 14 days before their Medicare coverage begins, an individual with a QHP should contact the plan to end their QHP coverage
- ❖ Once people enroll in Medicare, Medicare will pay primary
- ❖ The QHP may provide little or no additional coverage for people—despite expensive premiums
- ❖ People should enroll in Medicare Parts A, B and D during their Initial Enrollment Period whenever possible
  - They should keep track of when they first qualify for Medicare
  - They should enroll themselves if not automatically enrolled



# Why take/keep Medicare?

- ❖ If people are eligible for Medicare, they will likely need to pay the full premium of a QHP in addition to Medicare costs
  - Will not usually qualify for tax credits to help pay for QHPs
  - QHP premiums will likely be more expensive than Medicare coverage options
- ❖ People who delay Medicare enrollment:
  - Will likely pay higher Medicare premiums for the rest of their lives
  - Will have to wait for their Medicare to start if they decide to enroll later
- ❖ There is no guarantee that a QHP will pay for a person's health care if they are eligible for Medicare but fail to enroll

# Premium penalty

- ❖ If a beneficiary has an individual QHP and does not take/keep Medicare, they will likely be subject to the Part B premium penalty
  - 10% Part B premium penalty for each 12-month period that someone delayed enrollment in Part B when they didn't have insurance through a **current employer**
- ❖ Penalty is in addition to the monthly Part B premium
  - Part B premium is \$104.90 in 2014
- ❖ Must be paid every month as long as the person has Medicare

# Strategies for late Part B enrollment

- ❖ Beneficiaries who have individual QHPs rather than Medicare **do not** have a Special Enrollment Period (SEP) to take Medicare later
- ❖ If they delay Medicare enrollment, they most likely have to wait until the General Enrollment Period (GEP) to enroll into Medicare Part B
- ❖ Remember, the GEP lasts from January 1- March 31 of each year with Medicare coverage beginning July 1
- ❖ Beneficiaries may pay a 10% Part B premium penalty for the rest of their life for every year they delayed enrollment

# Strategies for late Part B enrollment

- ❖ There are two ways a beneficiary can avoid waiting for the GEP and avoid Part B premium penalties if they do not enroll into Part B when they first qualified
  - **Medicare Savings Programs (MSPs)**
    - Income/Assets below a certain amount allow for Part B enrollment outside of enrollment periods
    - Income and Asset levels vary by State
  - **Equitable Relief (limited option)**
    - Allows beneficiaries to ask the Social Security for enrollment outside of an enrollment period and elimination of penalty
    - Beneficiaries must show that delayed enrollment was a result of misinformation given by an employee of the federal government
  - **Note:** If someone is under 65 but has Medicare due to a disability and they turn 65, their premium penalty will be erased

# Case example: Raymond

- ❖ After learning about Medicare and the Marketplaces, how would you answer Raymond's questions?
- ❖ Do I need to disenroll from Medicare and switch to a Marketplace plan?
  - No, people with Medicare should not switch to a QHP coverage. The Marketplaces are not for people with Medicare and disenrolling from Medicare may mean premium penalties and gaps in coverage.
- ❖ Do I need to change or add to my coverage because of the Marketplaces?
  - No, people with Medicare should not add QHP coverage to their existing Medicare coverage. QHPs are costly because people with Medicare do not qualify for tax credits.
- ❖ Are private Medicare plans (Part D, Medicare Advantage, Medigap) sold through the Marketplaces now?
  - No, private Medicare coverage like Medigap policies, Medicare Advantage plans and Part D plans are not sold through the Marketplaces.



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# Medicare and the Small Business Health Options Program (SHOP)

# Case example: Debbie

- ❖ Debbie is 64 and will turn 65 in June. She is insured by her husband's employer. Her husband is currently working for a company with 30 employees. Her husband's company recently moved all of their employees into health insurance purchased through the SHOP.
- ❖ Debbie calls you and asks if she needs to take Medicare when she turns 65 this summer
- ❖ At the end of this presentation, you will know what to tell Debbie

# The SHOP

- ❖ **SHOP = Small business Health Options Program**
- ❖ Program within the Marketplace where small businesses and their employees can search for and purchase health coverage
- ❖ **SHOPs should:**
  - Guarantee small businesses a choice of plans to offer employees
  - Post health plan information on a state's website to allow comparisons among plans



# Participation in the SHOP

- ❖ Companies can generally only participate in their state's SHOP if they have 50 or fewer employees
  - Must offer SHOP coverage to all full-time employees (30+ hours),
  - 70 percent of employees must participate
  - In 2016, all companies with 100 or fewer employees should be able to participate
- ❖ Sole Proprietors/Self-Employed Persons cannot participate in the SHOP
  - Must buy QHPs through the individual Marketplace

# SHOP and Medicare eligibility

- ❖ When people with SHOP coverage first qualify for Medicare, they need to decide whether to enroll in Medicare Parts B and/or D
  - Decisions about Part B are based on how their SHOP plan coordinates with Medicare
  - Decisions about Part D are based on whether SHOP plan provides creditable coverage for prescription drugs
- ❖ The following sections explore these two broad choices



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# SHOP and Part B Enrollment

# Decisions about delaying Part B

- ❖ All people with SHOP coverage qualify for a Special Enrollment Period (SEP) to delay Part B without penalty
  - After a current worker retires or loses their job, the worker and their spouse have up to 8 months to enroll in Part B without penalty
- ❖ But many people with SHOP plans should enroll into Medicare Part B as soon as they are eligible
  - In many cases, Medicare pays first and the SHOP plan pays second
- ❖ Before deciding about Part B, people must find out how their SHOP plan coordinates with Medicare

# Coordination of benefits

- ❖ Coordination of benefits is the sharing of costs by two or more health plans
- ❖ Primary insurance pays first on a claim for medical care
- ❖ Secondary insurance pays after primary insurance
  - It usually pays all or some of the costs left after the primary insurer pays (copays, deductibles)
  - If the primary insurer denies the claim, the secondary insurer may or may not cover it: it depends on the plan

# SHOP coverage and Medicare

- ❖ If Medicare pays first and the SHOP plan pays second, people should always enroll in Medicare Part B as soon as they are eligible
- ❖ If people with SHOP coverage delay Part B when Medicare pays first:
  - Their SHOP plan may pay little or nothing for their care
  - A plan may recoup payments it made when Medicare should have been primary
- ❖ If the SHOP plan pays first, and Medicare pays second, people may consider delaying Part B

# Fewer than 20 employees (65+)

- ❖ 65+ individuals with SHOP coverage from an employer with fewer than 20 employees need to take Part B when they qualify
  - For 65+ individuals, Medicare is always primary to coverage from a current employer with fewer than 20 employees
  - When Medicare pays first, a SHOP plan may provide little or no coverage if the person failed to enroll in Medicare

# 20 or more employees (65+)

- ❖ 65+ individuals with SHOP coverage from company with 20 or more employees may consider delaying Part B
  - For 65+ individuals, Medicare always pays second to coverage from a current employer with 20 or more employees
  - The SHOP plan must provide the same coverage as it does to people who do not qualify for Medicare



# 20 or more employees (65+)

- ❖ People with SHOP coverage may be able to delay Part B without penalty or gaps in coverage
- ❖ Before making any decisions about Part B, individuals should talk to their employer to see how Medicare coordinates with the SHOP plan and confirm that information with Social Security
  - Social Security Administration: 800-772-1213
  - Get answers in writing

# The SHOP and people under 65 with disabilities

- ❖ Under 65 people who qualify for Medicare due to a disability should enroll into Medicare Part B when they first qualify
- ❖ All plans purchased through the SHOP pay second to Medicare for this population
  - For under 65 people with disabilities, Medicare always pays before coverage from an employer with fewer than 100 employees
- ❖ When Medicare pays first, a SHOP plan may provide little or no coverage if the person failed to enroll in Medicare



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# SHOP and Part D Enrollment

# Eligibility for Part D

- ❖ All people qualify for Medicare Part D once they are enrolled in Medicare Part A and/or Part B
- ❖ Part D plans provide outpatient prescription drug coverage for drugs purchased at a pharmacy or through mail order
- ❖ People may consider delaying Part D if the SHOP plan provides creditable coverage

# What is creditable coverage?

- ❖ Drug coverage that's at least as good as Medicare's basic drug benefit
- ❖ People with creditable coverage from a SHOP plan can delay Part D without penalty
- ❖ SHOP plans may or may not offer creditable coverage
- ❖ Look for a yearly notice from their insurer that states whether or not the SHOP coverage is creditable
  - If notice is not received ask for proof of creditable coverage in writing from employer
- ❖ Note: People with creditable coverage may want to enroll in Part D if they qualify for Extra Help, a low-income drug program, which could lower their drug costs

# Part D enrollment

- ❖ Individuals should strongly consider enrolling in Part D if they don't have creditable drug coverage
- ❖ Part D covers most outpatient prescription medications
- ❖ Even if people take few medications now, their health could change in the future

# If someone doesn't enroll in Part D

- ❖ If someone has creditable coverage, they can enroll in Part D within 63 days of losing creditable coverage to avoid penalties and gaps in coverage
- ❖ If they don't have creditable coverage, they can enroll later, but there may be consequences:
  - They may have gaps in coverage because they'll usually need to wait for an enrollment period to sign up for Part D
  - They may have to pay a premium penalty
    - The penalty is 1% of the national average premium for every month they lacked creditable coverage for 63 days or more
    - National average premium in 2014 is \$32.42

# Case example: Debbie

- ❖ Debbie calls you and asks if she needs to take Medicare when she turns 65 this summer
- ❖ What should you tell Debbie?
  - If her husband continues to work past her 65<sup>th</sup> birthday, she can delay Medicare Part B enrollment until he decides to retire
  - When he retires, she should enroll into Part B
  - Debbie will need to talk to her husband's employer and/or insurance administrator to see if his SHOP plan's drug coverage is considered creditable
    - If it is, she can delay Part D coverage
    - If it is not, she should enroll into Medicare Part A only when she turns 65 and then she can enroll into a stand-alone Medicare Part D plan for drug coverage





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# Conclusion

# Summary

- ❖ If people have Medicare, they should keep it and should not consider QHPs for individuals
- ❖ If someone has an individual QHP, they should enroll in Medicare when they first qualify for it
- ❖ If an individual is enrolled in a SHOP plan:
  - They should take Medicare if they are under 65 and qualify for Medicare due to a disability
  - They should take Medicare if they are over 65 and their SHOP plan is through an employer with fewer than 20 employees
  - They may be able delay Medicare if they are over 65 and their SHOP plan is through an employer with 20 or more employees
- Check with Social Security: 800-772-1213. Get answers in writing.

# For more information and help

- ❖ Local State Health Insurance Assistance Program (SHIP)
- ❖ Medicare
  - 800-MEDICARE (800-633-4227)
  - [www.medicare.gov](http://www.medicare.gov)
- ❖ National Council on Aging
  - [www.ncoa.org](http://www.ncoa.org)
  - [www.centerforbenefits.org](http://www.centerforbenefits.org)
- ❖ Medicare Rights Center
  - 800-333-4114
  - Medicare Interactive: [www.medicareinteractive.org](http://www.medicareinteractive.org)