

Medicare

Overview

Medicare is a federal health insurance program for individuals age 65 and older, under age 65 with certain disabilities, and individuals of any age with End-Stage Renal Disease (ESRD).

The Social Security Administration (SSA) or the Railroad Retirement Board (RRB)** determines Medicare eligibility upon application and enrolls eligible plan participants into the Medicare Program. The Medicare Program is administered by the Centers for Medicare and Medicaid Services (also known as the federal CMS).

Medicare has the following parts:

- ◆ **Part A** is insurance that helps pay for inpatient hospital facility charges, skilled nursing facility charges, hospice care and some home healthcare services. Medicare Part A does not require a monthly premium contribution from plan participants with enough earned work credits. Plan participants without enough earned work credits have the option to enroll in Medicare Part A and pay a monthly premium contribution.
- ◆ **Part B** is insurance that helps pay for outpatient services including physician office visits, labs, x-rays and some medical supplies. Medicare Part B requires a monthly premium contribution.
- ◆ **Part C*** (also known as Medicare Advantage) is insurance that helps pay for a combination of the coverage provided in Medicare Parts A, B and D. Healthcare under this part of Medicare is coordinated by a primary care physician. An individual must already be enrolled in Medicare Parts A and B in order to enroll in a Medicare Part C plan. Medicare Part C requires a monthly premium contribution.
- ◆ **Part D*** is insurance that helps pay for prescription drugs. Generally, Medicare Part D requires a monthly premium contribution.

***The State Employees Group Insurance Program does not require plan participants to choose a Medicare Part C Plan (over the original Medicare Part A and B option) or to enroll in a Medicare Part D prescription plan.**

Medicare Due to Age

Plan Participants Age 65 and Older

The State of Illinois Group Insurance Program requires all plan participants to contact the SSA and apply for Medicare benefits three months prior to turning age 65.

Medicare Part A

Eligibility for premium-free Medicare Part A occurs when an individual is age 65 or older and has earned at least 40 work credits while paying into Medicare through Social Security. An individual who is not eligible for premium-free Medicare Part A benefits based on his/her own work credits may qualify for premium-free Medicare Part A benefits based on the work history of a current, former or deceased spouse. All plan participants that are determined to be ineligible for Medicare Part A based on their own work history are required to apply for premium-free Medicare Part A on the basis of a spouse (when applicable).

If the SSA determines that a plan participant is eligible for premium-free Medicare Part A, **the State of Illinois Group Insurance Program requires the plan participant to accept the Medicare Part A coverage** and submit a copy of the Medicare identification card to the Medicare COB Unit upon receipt.

If the SSA determines that a plan participant is **not eligible** for Medicare Part A benefits at a premium-free rate, the State of Illinois Group Insurance Program does not require the plan participant to purchase Medicare Part A coverage; however, the State does require the plan participant to provide a written statement from the SSA advising of his/her Medicare Part A ineligibility. The plan participant is required to submit a copy of the SSA statement to the Medicare COB Unit.

Medicare Part B

Most plan participants are eligible for Medicare Part B upon turning age 65.

The State of Illinois Group Insurance Program requires all plan participants to enroll in Medicare Part B if they are eligible for Medicare Part A at a premium-free rate.

In order to apply for Medicare benefits, contact your local SSA office or call the SSA at (800) 772-1213. You may enroll in Medicare Part A on the SSA website at www.socialsecurity.gov.

****Railroad Retirement Board (RRB) participants should contact their local RRB office or call the RRB at (877) 772-5772 to apply for Medicare.**

Medicare (cont.)

Plan participants must contact the SSA in order to enroll in Medicare Part B benefits.

Plan participants receiving Medicare due to End-Stage Renal Disease should refer to the section titled 'Medicare Due to End-Stage Renal Disease (ESRD)' for information on the Medicare Part B requirements.

Coordination of Benefits

Medicare is the primary payer for health insurance claims for plan participants that are not actively working (without current employment status), retired or receiving State of Illinois group insurance benefits as either a survivor or a COBRA participant.

Plan participants who are actively working for an employer (other than the State of Illinois) and receiving insurance coverage through that employer, must contact the State of Illinois Medicare COB Unit to provide his/her employer insurance information. The State of Illinois Medicare COB Unit will determine the coordination of benefit order at that time.

Medicare Part B Reduction

When Medicare is determined to be the primary payer of healthcare insurance benefits, Medicare Part B is required.

Failure to enroll or remain enrolled in Medicare Part B, when Medicare is determined to be the primary payer, results in a reduction of eligible benefit payments under the State plan. This means that the State plan will only pay up to 20% of the total eligible amount for each claim until Medicare Part B is in effect. The plan participant is responsible to pay the remaining claim balance. The State plan has the right to recover any overpaid claim amounts.

Medicare Due to Disability

Plan Participants Age 64 and Under

Plan participants are automatically eligible for Medicare (Parts A and B) disability insurance after receiving Social Security disability payments for a period of 24 months.

Medicare Part A

Plan participants who become eligible for Medicare disability benefits are **required** to accept the Medicare Part A coverage and submit a copy of the Medicare identification card to the Medicare COB Unit upon receipt.

Medicare Part B

Plan participants who become eligible for Medicare disability benefits are **required** to accept the Medicare Part B coverage.

Coordination of Benefits

Medicare is the primary payer for health insurance claims for plan participants that are not actively working (without current employment status), retired or receiving State of Illinois group insurance benefits as either a survivor or a COBRA participant.

Plan participants who are actively working for an employer (other than the State of Illinois) and receiving insurance coverage through that employer, must contact the State of Illinois Medicare COB Unit to provide his/her employer insurance information. The State of Illinois Medicare COB Unit will determine the coordination of benefit order at that time.

Medicare Part B Reduction

When Medicare is determined to be the primary payer of healthcare insurance benefits, Medicare Part B is required.

Failure to enroll or remain enrolled in Medicare Part B, when Medicare is determined to be the primary payer, results in a reduction of eligible benefit payments under the State plan. This means that the State plan will only pay up to 20% of the total eligible amount for each claim until Medicare Part B is in effect. The plan participant is responsible to pay the remaining claim balance. The State plan has the right to recover any overpaid claim amounts.

Medicare Due to End-Stage Renal Disease (ESRD)

All State of Illinois Group Insurance Program plan participants who are receiving regular dialysis treatments, or who have had a kidney transplant on the basis of ESRD, are required to contact apply for Medicare benefits.

Plan participants must contact the State of Illinois Medicare Coordination of Benefits (COB) Unit at (800) 442-1300. The State of Illinois Medicare COB Unit calculates the 30-month coordination period in order for plan participants to sign up for Medicare benefits on time to avoid additional out-of-pocket expenditures.

Medicare (cont.)

Medicare Part A

Plan participants who become eligible for Medicare benefits on the basis of ESRD are **required** to accept the Medicare Part A coverage and submit a copy of the Medicare identification card to the Medicare COB Unit upon receipt.

Medicare Part B

The State of Illinois Group Insurance Program requires plan participants to enroll in Medicare Part B if they are eligible for Medicare Part A benefits at a premium-free rate. Plan participants must contact the SSA in order to enroll in Medicare Part B benefits.

Coordination of Benefits

The insurance plan that is determined to be the primary payer at the start of the coordination period remains the primary payer for 30 months (as long as Medicare and the State plan both remain in effect).

Medicare Part B Reduction

Plan participants who become eligible for Medicare benefits on the basis of ESRD are required to accept the Medicare Part B coverage when Medicare is determined to be the primary payer.

Failure to enroll or remain enrolled in Medicare Part B, when Medicare is determined to be the primary payer, results in a reduction of eligible benefit payments under the State plan. This means that the State plan will only pay up to 20% of the total eligible amount for each claim until Medicare Part B is in effect. The plan participant is responsible to pay the remaining claim balance. The State plan has the right to recover any overpaid claim amounts.

Medicare Coordination with the Quality Care Health Plan (QCHP)

When Medicare is the primary payer, QCHP will coordinate benefits with Medicare as follows:

Medicare Part A - Hospital Insurance

After Medicare Part A pays, QCHP pays all charges, except \$50.00 of the Medicare Part A deductible.

EXAMPLE:

\$1,132	Medicare Part A deductible* (2011 rate)
- \$ 50	QCHP inpatient copayment
<u>- \$1,082</u>	QCHP payment
\$ 50	Total plan participant responsibility

* The Medicare Part A deductible may change on an annual basis. Contact the Social Security Administration for information regarding the Medicare deductible amount.

NOTE: All Medicare reserve days must be used before QCHP will pay as the primary payer. The annual QCHP plan year deductible does not apply to services that Medicare pays.

Medicare Part B - Medical Insurance

After Medicare Part B pays, QCHP pays:

- ◆ All of the Medicare Part B deductible; and
- ◆ Medicare Part B coinsurance.

EXAMPLE:

\$1,000	Balance after Medicare payment
<u>- \$1,000</u>	QCHP payment
\$ 0	Total plan participant responsibility

Medicare (cont.)

Services and Supplies Not Covered by Medicare

Services and supplies that are not covered by Medicare will be paid by QCHP in the same manner (i.e., same benefit levels and deductibles) as if the plan participant did not have Medicare (provided the services and supplies meet medical necessity and benefit criteria and would normally be eligible for QCHP coverage).

Medicare Crossover

Medicare crossover is an electronic transmittal of claim data from Medicare (after Medicare has processed their portion of the claim) to the QCHP plan administrator for secondary benefits.

In order to set up Medicare Crossover, plan participants must contact the QCHP plan administrator and provide the Medicare Health Insurance Claim Number (HICN) located on the front side of their Medicare identification card.

Private Contracts with Providers who Opt Out of Medicare

Some healthcare providers choose to opt out of the Medicare program. When a plan participant (who has Medicare as their primary payer) has medical services rendered by a provider who has opted out of the Medicare program, a private contract is usually signed explaining that the plan participant is responsible for the cost of the medical services rendered. Neither providers nor plan participants are allowed to bill Medicare. Therefore, Medicare will not pay for the service (even if it would normally qualify as being Medicare eligible) or provide a Medicare Summary Notice to the plan participant. If the service(s) would have normally been covered by Medicare, the QCHP plan administrator will only pay up to 20% of the billed charges; **the plan participant will be responsible for the remaining balance of the claim.**

Medicare COB Unit Contact Information

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Medicare Coordination of Benefits Unit
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Springfield, Illinois 62794-9208

Phone: (800) 442-1300 or (217) 782-7007
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