

Medical Coverage for Active Members 65 and Older

SUMMARY

Medicare eligibility is effective at age 65 for individuals who have paid Medicare taxes during their working years. Benefits Plan members, whether retiring or not, should enroll in Medicare Part A when they turn 65. Federal laws and regulations prohibit employers from treating employees age 65 and over differently from other employees. However, there are exceptions for employers with fewer than 20 employees.

Active members who are enrolled in the Medical Plan **may waive** coverage,* but it is important to compare Medical Plan coverage with that of a Medicare Advantage or Medigap plan. Although the aggregate premium costs may be less, depending on the plan selected, the coverage may not be as comprehensive as that of the Medical Plan.

* NOTE:

- If a member waives coverage under the Medical Plan, family members lose Medical Plan eligibility.
- Members in Pastor's Participation **may not waive** medical coverage for themselves.

MEDICARE

Medicare is the federal health insurance program for individuals age 65 and older (and for younger individuals with certain disabilities). It comprises Parts A, B, and D as well as Medicare Advantage, which is also referred to as Part C. Parts A and B make up Original Medicare, often referred to as *traditional Medicare*.

Part A: All members, whether retiring or not, should enroll in Medicare Part A when they turn 65. There is no premium. Part A pays for hospital and skilled nursing facilities, home health agency care, hospice care, inpatient psychiatric care, and blood transfusions.

Part B: Part B covers the cost of doctor visits, outpatient mental health services, therapy, part-time skilled home health care, certain preventive services, and some medical supplies. It requires a premium, and enrollees with higher incomes pay a higher premium.

Part D: Part D covers prescription drugs. The federal government regulates and subsidizes Part D plans, which are offered through insurance carriers. Part D coverage requires a premium, which varies by plan. Each plan has its own list of covered drugs.

Medicare Advantage (Part C): Medicare Advantage plans are an alternative to traditional Medicare (Parts A and B), offering managed care and fee-for-service options through private insurers. They cover everything traditional Medicare covers and *may* cover prescription drugs, eye exams, and hearing aids. Medicare Advantage plans require premiums, which vary by plan, depending on the coverage provided. The Board of Pensions offers medical coverage to retired members through the Humana Group Medicare Advantage PPO plan (see below).

MEDIGAP PLANS

Medigap plans, issued by private insurance companies and HMOs, supplement traditional Medicare coverage. Typically, individuals who have Medicare Advantage would not need a Medigap plan. Generally, there are 10 available plans, with different coverage levels. Not all plans are available in every state. The federal government regulates plan offerings and prescribes coverage based on plan type. Medigap plans require premiums, which vary by insurance company, region, and plan type. (See [How to compare Medigap policies](#), on [medicare.gov](https://www.medicare.gov).)

THE HUMANA GROUP MEDICARE ADVANTAGE PPO PLAN

The Board offers medical coverage to retired members through the Humana Group Medicare Advantage PPO plan. The plan provides all the benefits of Original Medicare (Parts A and B), prescription drug coverage, plus extras like dental, vision, and hearing aid benefits and a variety of wellness, clinical, and fitness programs. The plan is available only to eligible retired members and their spouse. It is not available to active members of the Benefits Plan. For more information visit pensions.org/humana.



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MEDICARE SECONDARY PAYER RULE

Under this rule, employer-sponsored coverage, such as the Medical Plan, is automatically the primary payer of an active employee's medical costs — meaning the plan would be the primary payer on costs that would fall under Medicare Part A coverage.

However, small employers may qualify for an exception to the rule that could save the Medical Plan significant costs if a member were hospitalized. To qualify, an employer:

- must have had fewer than 20 employees (full- or part-time) on each working day of at least 20 calendar weeks in the current or preceding calendar year.
- must file for the Small Employer Exception (SEE).

If an exception is granted, Medicare becomes the primary payer. **Neither employer dues nor a member's coverage is affected if Medicare becomes the primary payer.**

Filing for the small employer exception: To file for an exception, an employer must complete the **Small Employer Exception (SEE) Package**. The Board of Pensions sends the SEE package twice each year to employers with one or more employees who will reach age 65 in the next six months.

The SEE package is also available on pensions.org, under Medical/Healthcare forms. Mail completed SEE package to

Attn.: Plan Operations
The Board of Pensions of the Presbyterian Church (U.S.A.)
2000 Market Street
Philadelphia, PA 19103-3298

The form should be filed *before* an employee turns 65 to establish Medicare as the primary payer as of the 65th birthday. The Board will assist with the filing. If an employer grows beyond 19 employees, Medicare must be notified to reverse primary and secondary payer status.

INCENTIVES TO WAIVE MEDICAL PLAN COVERAGE

Medicare law on inducing employees to waive Medical Plan coverage differs for large and small employers.

Employers with 20 or more employees: Employers who had 20 or more employees (full- or part-time) on each working day of at least 20 or more calendar weeks in the current or preceding calendar year are prohibited from inducing employees to waive Medical Plan coverage and enroll in Medicare. That includes agreeing to reimburse an employee for their Medicare premium if the employee waives Medical Plan coverage.

Employers with fewer than 20 employees: Employers who had fewer than 20 employees (full- or part-time) on each working day of at least 20 calendar weeks in the current or preceding calendar year may reimburse an employee for their Medicare premiums if the employee waives Medical Plan coverage.

Members in Pastor's Participation may not waive medical coverage for themselves.

This is not a full description of benefits and limitations of the plan. If there is any difference between the information presented here and the provisions of the Benefits Plan of the Presbyterian Church (U.S.A.), the plan terms will govern. Visit pensions.org or call the Board at 800-PRESPLAN (800-773-7752) (TTY: 711) for a copy of the plan document.

