Medicare Exclusion FAQs

We've developed this FAQ to help you determine how the Medicare Exclusion affects your groups and their employees.

Q1. Who has received, or will receive, letters from IBC about the Medicare Exclusion?

Letters are being sent to all groups that have members who are, or soon may be, Medicare eligible and for whom Medicare would be the primary payer. Members who are, or soon may be, Medicare eligible and for whom Medicare would be the primary payer will also receive a letter. As is noted below, Medicare is primary for a variety of reasons.

Q2. When are group letters mailing?

Letters began mailing to fully insured groups on November 4 and will continue through the week of November 18. Letters to self-funded groups will be sent by the end of November.

Q3. When are member letters mailing?

Letters to members who are, or will soon be Medicare-eligible, and for whom Medicare would be primary, will begin mailing the week of November 18 for fully insured groups.

Letters to members who are, or will soon be Medicare-eligible, and for whom Medicare would be primary, will be sent by the end of November for self-funded groups.

Please be assured that, as always, group letters will be sent in advance of member letters.

Q4. Why are groups with more than 20 employees receiving this letter?

If a letter was sent to a group, it means they have members in the group who are, or soon may be, Medicare eligible and for whom Medicare would be the primary payer (for example, members with End-Stage Renal Disease (ESRD) and the disabled). Please refer to the chart below.

Q5. How is it determined that Medicare is primary?

The Centers for Medicare and Medicaid Services (CMS) have set forth the following rules that determine whether Medicare, or the group health plan, is the primary payer (pays first).[1]

Member Type	Who pays first?
Retirees	Medicare pays first.
Working Aged (65 or older and still working) and the employer has 20 or more employees	The group health plan pays first.
Working Aged (65 or older and still working) and the employer has less than 20 employees[2]	Medicare pays first.
Under 65 and disabled, has health coverage through an employer with 100 or more employees	The group health plan pays first.
Under 65 and disabled, has health coverage through an employer with less than 100 employees	Medicare pays first.
Individuals with ESRD	Group health plan pays first for the first 30 months after the member becomes eligible to enroll in Medicare. Medicare will pay first after this 30 month period.

Q6. How does the Medicare Exclusion work?

The Medicare Exclusion applies to members for whom Medicare is the primary payer but who have not elected to enroll. Independence Blue Cross (IBC) will calculate the amount that Medicare would have paid. For Part B claims, this amount is usually 80 percent of the Medicare rate. IBC will pay only the remaining balance of the claim, usually 20 percent, as if the member had enrolled in Medicare Parts A and B. The member will be responsible for paying their doctor, hospital, or other medical professional the amount Medicare would have paid in addition to any applicable copayments, coinsurance, and deductibles. The group health benefit plan will pay the remaining balance on claims submitted as if the member had enrolled in Medicare Parts A and B.

1. Source: CMS Medicare & You 2014, http://www.medicare.gov/Pubs/pdf/10050.pdf

2. Please note: Medicare is only primary for Working Aged individuals in groups with fewer than 20 employees. Therefore, the Medicare Exclusion will only be applied to the Working Aged in groups with fewer than 20 members. In groups with more than 20 members, Medicare would not be primary so the Medicare Exclusion would not apply to their Working Aged members.

Q7. When will the Medicare Exclusion take effect?

Member Type	Date Medicare Exclusion will take effect
Working Aged	January 1, 2014
Members with ESRD	July 1, 2014
Retirees	January 1, 2014
For members under 65 and disabled	July 1, 2014

Q8. How does COBRA impact Medicare and the Medicare Exclusion (and vice versa)?

- **If a member is on COBRA and then becomes eligible for Medicare, COBRA terminates.** The group should remove the member from the group policy. It is the responsibility of the group or the COBRA administrator to notify IBC to have the member removed from the policy.
- **If a member is eligible for Medicare and then COBRA begins,** the member may stay on the COBRA policy and the Medicare Exclusion may be applied. For example: A member retires at age 67, and goes on COBRA. This member may continue COBRA coverage but the Medicare Exclusion would be applied. To maximize benefits and minimize expenses, this member should consider enrolling in Medicare.

Q9. If a group does not have a COBRA/retiree subgroup what can be done?

If a group makes a request for a subgroup with COBRA/retirees, IBC will facilitate setting this up for mid-market and large groups. IBC encourages groups and brokers to set up COBRA/retiree subgroups because if a group does not establish a COBRA/retiree subgroup, there is no way for IBC to know whether a member is retired or enrolled in COBRA.

Q10. Will IBC track the Medicare eligibility status of COBRA participants?

It is the responsibility of the groups or COBRA administrator to notify IBC to terminate COBRA members when they become eligible for Medicare.

Q11. Why did my group receive this letter when there are no members eligible for Medicare at this time?

As circumstances may change for members at any time, we want to ensure that groups are aware of the Medicare Exclusion.

Q12. Will IBC send the member a letter as a one-time mailing or will this be an ongoing effort to inform members as they become eligible for Medicare?

IBC will continue to communicate with members as they become eligible for Medicare.

Q13. Which members will IBC contact?

IBC will contact members who are Medicare-eligible, or soon to be Medicare eligible, and for whom Medicare would be the primary payer. As noted above, this includes:

- Working Aged in groups fewer than 20[2]
- Members with ESRD
- Retirees
- Certain disabled members under 65 years old

Q14. Is the Medicare Exclusion required by the Affordable Care Act?

No. This exclusion is standard in the industry and is not a requirement of the Affordable Care Act.

2. Please note: Medicare is only primary for Working Aged individuals in groups with fewer than 20 employees. Therefore, the Medicare Exclusion will only be applied to the Working Aged in groups with fewer than 20 members. In groups with more than 20 members, Medicare would not be primary so the Medicare Exclusion would not apply to their Working Aged members.