



CALIFORNIA HEALTH ADVOCATES

Medicare & Other Health Insurance

Some Medicare beneficiaries may have other health insurance coverage besides Medicare. This fact sheet discusses some of these other forms of health coverage and who pays first when someone has more than one insurer.

In addition to Medicare, these beneficiaries may also have health insurance coverage from the following:

1. Employer Group Health Plans (GHPs)
2. COBRA or CalCOBRA
3. Individual Health Insurance
4. Retiree plans
5. VA Medical Benefits Package
6. TriCare for Life

If you have one of these types of health coverage, it is important to understand the rules for these plans and how they coordinate with your Medicare coverage. If you have questions, contact your local Health Insurance Counseling and Advocacy Program (HICAP) at 1-800-434-0222 for more information.

Employer Group Health Plans (GHP) While Working

If you become eligible for Medicare and continue to work, or your spouse continues to work, you may have group health insurance through the employer or union. For information about which employers are required under federal law to offer health care benefits to their Medicare-eligible employees, refer to our fact sheet “Coverage While You or Your Spouse Works” at cahealthadvocates.org. That fact sheet also explores whether and when to enroll in Medicare Parts B and D, and who pays first if you choose to have both the employer GHP plan and Medicare.

COBRA and CalCOBRA

COBRA is a federal law which allows you to continue your group health benefits at group rates when your benefits might otherwise end due to job loss, divorce or death. Your COBRA benefits are the same as those you had in the employer plan.

COBRA applies only to companies with at least 20 employees. CalCOBRA provides the same protection under California state law for workers of employers with 2 to 19 employees. If you take advantage of COBRA or CalCOBRA, you must pay the full amount of the premium, plus an administrative fee.

Certain events such as layoffs, death and divorce trigger eligibility for COBRA or CalCOBRA benefits. The plan administrator must notify the employee and the covered spouse of their right to continue coverage within 44 days of the event, except during a legal separation or divorce. In those cases, the employee must first notify the plan administrator of the separation or divorce, and then the administrator has 14 days to notify them of their COBRA rights. The employee has 60 days from the date s/he receives the COBRA notice to notify the administrator if s/he wants COBRA benefits.

Note: Special rules apply when a person becomes disabled or has more than one qualifying event. For more information, contact the U.S. Department of Labor at dol.gov.

The chart below shows events that may trigger COBRA and CalCOBRA benefits, as well as the maximum period of time you will be covered.

Events Triggering COBRA and CalCOBRA Benefits

Qualifying Event for COBRA or CalCOBRA	Person Covered	Maximum Length of Coverage
Employment ends, or hours are reduced	Employee, spouse, and dependent child/children	18 months*
<ul style="list-style-type: none"> Employee becomes eligible for Medicare Divorce or legal separation Death of a covered employee 	Spouse and dependent child/children	36 months
Loss of Dependent Child Status	Dependent child	36 months
Bankruptcy of former employer	Retired employee, spouse, and dependent child/children	<ul style="list-style-type: none"> 36 months (if the bankrupt company continues to have a health plan; includes additional 18-month extension under CA law*) 0 months (if bankrupt company has no health plan) Union member may be eligible for COBRA through a collective bargaining agreement In rare cases, a bankruptcy court may order continuation of COBRA coverage

* California law requires most companies to extend COBRA benefits for a total of 36 months when a person is entitled to fewer than 36 months of federal COBRA coverage. Some companies are exempt from this requirement. Contact the California Department of Insurance online at insurance.ca.gov or call 1-800-927-4357 to find out if your employer is required to comply with this extension.

If the employer changes the group health benefits, your COBRA or CalCOBRA benefits will also change. If the employer stops offering group health benefits, your COBRA or CalCOBRA coverage will end. If you lose your employer-sponsored continuation coverage, or you can no longer afford to keep it, contact your local HICAP office for help with other coverage.

Medicare and COBRA

If you already have COBRA or CalCOBRA coverage and then become eligible for Medicare, the COBRA or CalCOBRA coverage will end. If you already have Medicare, you cannot become eligible for CalCOBRA coverage. However, if you have Medicare and then become eligible for COBRA coverage, you have 2 options:

1. Elect COBRA coverage and pay for both Medicare and COBRA coverage. With both coverages, Medicare is the primary insurer and COBRA coverage the secondary insurer. **Note:** However, for people who have Medicare due to end stage renal disease (ESRD) and are also eligible for COBRA coverage, the plan under COBRA is required to pay first (as the primary insurer) during the 30-month coordination of benefits period, and Medicare pays second. After this period, Medicare pays first.
2. Decline COBRA coverage and have Medicare only.

Note: It is not advisable to drop Medicare and elect COBRA coverage because when your COBRA eligibility ends and you re-enroll in Medicare, you may be charged a late enrollment penalty. COBRA coverage is not considered health insurance from current employment. If you have Medicare Part A but not Part B and become eligible for COBRA coverage, you have an 8-month period from the date your employment ends to enroll in Part B. If you do not enroll during this 8-month special enrollment period, you may be required to pay a penalty when you enroll in Part B later, and the effective date of your benefits may be delayed. See our fact sheet “Coverage While You or Your Spouse Works” at cahealthadvocates.org.

If you are considering whether to elect COBRA coverage as a secondary insurer to Medicare or decline COBRA coverage and buy a Medigap policy or enroll in a Medicare Advantage plan, you may call the Health Insurance Counseling and Advocacy Program (HICAP) to discuss the pros and cons of each of these options. To speak with a HICAP counselor call 1-800-434-0222.

COBRA Premiums

If you have health coverage through COBRA or CalCOBRA, you are responsible for paying the premiums. For COBRA, the premium is 102% of what the employer pays. For CalCOBRA, the premium is:

- At least 110% of the premium the employer pays if it is based on the age of covered employees.
- A maximum of 213% of the group rate the employer pays if it is not based on age. (This is the total premium the employer pays divided by the number of employees.)

Your premium will change each time the employer’s premium changes, regardless of the method used to calculate your premium.

Note: The American Recovery and Reinvestment Act of 2009 (ARRA) provides a 65% subsidy on cost of COBRA premiums for those who are involuntarily terminated from their jobs between September 1, 2008 and December 31, 2009 and who do not have Medicare or other health

insurance. California also passed a bill that allows those on CalCOBRA to receive the federal subsidy as well. See the Department of Labor’s website for more info at dol.gov/ebsa/COBRA.html.

Retiree Plans

Some Medicare beneficiaries have health care benefits through their retiree plans from their former employer or union. Retiree plans are different from employer group health plans (GHPs) mentioned above. Although both are employer-sponsored plans, employer GHPs cover active employees while retiree plans cover retired employees. For more information about retiree plans, please refer to fact sheet “Retiree Plans” at cahealthadvocates.org.

VA Medical Benefits Package

Some Medicare beneficiaries are veterans who have health benefits from the Department of Veterans Affairs (VA). The VA Medical Benefits Package provides veterans of any age, except those who have been dishonorably discharged, with health benefits. These health benefits have no premiums and provide: hospitalization, primary health care, diagnostic and laboratory services, mental health and substance abuse treatment, home health care, respite care, hospice care, some urgent and limited services outside VA facilities, and prescription drugs. The VA may also provide nursing home care, adult day health care, dental care, and eyeglasses. To receive benefits from the VA Medical Benefits Package, you must be a veteran, apply and be accepted into the VA health system and receive services from VA providers and facilities.

If you are enrolled in the VA Medical Benefits Package and also have Medicare, Medi-Cal, federally funded coverage through TRICARE, or other private health insurance, you may use your existing coverage in addition to your VA health care benefits. The programs are independent and do not coordinate. For example, you cannot use your Medicare card at a VA facility because the VA cannot bill Medicare. To use Original fee-for-service Medicare, you must go to doctors and facilities that accept Medicare assignment. You are responsible for paying all Medicare

premiums, deductibles and coinsurance. The VA does not pay for these Medicare costs.

For more information, visit the VA website at va.gov/elig and see our fact sheet “Medicare and Veterans Administration Medical Benefits Package” at cahealthadvocates.org.

TriCare for Life (TFL)

Some Medicare beneficiaries are also in TRICARE For Life (TFL), a program that provides coverage to all uniformed service retirees, their spouses, survivors, and other qualified dependents. TFL requires members to enroll in Medicare Part A and Part B and pay the Part B premium (\$96.40 per month in 2009).

TriCare for Life:

- Has no premiums;
- Provides supplemental coverage to Medicare Part A and B benefits for services covered by TriCare; and
- Includes prescription drug coverage (beneficiary may have a copayment).

If you have Medicare and TFL, Medicare is the primary insurer and pays first and TFL is the secondary insurer for services covered by both plans.

For more information, call 1-800-538-9552 or 1-866-363-5433, visit the TFL website at tricare.osd.mil/tfl/default.cfm and see our fact sheet “People with Medicare and TriCare for Life” at cahealthadvocates.org.

Individual Health Insurance

Some people may have bought individual health insurance prior to becoming eligible for Medicare. For instance, they might have previously had COBRA or CalCOBRA benefits and purchased individual health insurance when their COBRA benefits ended. **Note:** Companies are required to sell you an individual health insurance policy, regardless of your health, if you used all of your COBRA or CalCOBRA benefits and you are not yet age 65 or eligible for Medicare, **and** you meet the definition of an eligible individual under Health Insurance Portability and Accountability Act (HIPAA) rules.

Note: Some employers offer a conversion policy when COBRA coverage ends that provides the same or similar health benefits as the employer’s group health plan (GHP). If you choose this option, you will not be eligible for the guaranteed issue of an individual health insurance policy under HIPAA as described above. It is important to compare both the benefits and premiums of each option to determine which is best for you.

Individual Health Insurance and Medicare

If you have individual health insurance and then become eligible for Medicare, the insurer cannot cancel your individual policy simply because you became eligible for Medicare. As long as you pay the premiums, the insurer must continue coverage. If you decide to keep the individual policy and also have Medicare, Medicare is the primary insurer and the individual coverage is the secondary insurer. Some people choose to keep their individual policy even though it is secondary to Medicare because it offers:

- Better coverage for prescription drugs than a Medicare Part D plan;
- Benefits they need that are not covered by Medicare; and/or
- Benefits that are covered more extensively than Medicare.

Before deciding whether to continue or drop the individual policy, read your Evidence of Coverage or Explanation of Benefits information from your individual plan. Not all individual insurance policies coordinate with Medicare.

Note: If you delay enrolling in Part D because your individual health insurance has creditable drug coverage, you will not be charged a late enrollment penalty when you later enroll in Part D. However, you must enroll into a Part D plan within 63 days of the end of your current creditable coverage to avoid the late enrollment penalty.

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This fact sheet contains general information and should not be relied upon to make individual decisions. If you would like to discuss your specific situation, call the Health Insurance Counseling and Advocacy Program (HICAP). HICAP provides free and objective information and counseling on Medicare and can help you understand your specific rights and health care options. You can call **1-800-434-0222** to make an appointment at the HICAP office nearest you.