

Bonnie's response to questions from the COBRA Medicare webinar.

Please note, answers to these questions are general in nature absent specific facts on which to base a more specific answer.

QUESTIONS:

James Dawson

Is Bonnie familiar or has a better understanding regarding the changes to the new and improved Part D coverages with out-of-pocket maximums will be set at \$2000.00 as of January 1, 2025. Concern is such that previously accepted credible employers Part D plans will no longer meet the qualifying threshold as most employers group plans have combined health and prescription max out of pocket benefits greater than \$2000.00. As such would a penalty be applied when ending the employer paid prescription plan and enrolling in Part D.

The change you refer to takes effect in 2025 for the Medicare Part D benefit. In general, this applies to a limit on out-of-pocket costs for drugs covered by a Part D plan. Retiree prescription drug programs from employers, unions, or associations must notify their members each year that the coverage provided by the retiree plan meets or exceeds Medicare's coverage. Plans will have to take this new out of pocket cost limitation under consideration for the coverage they offer retirees in 2025. Employers providing primary health insurance benefits to people who are eligible for Medicare are not affected by this change when an employer's health plan is primary coverage for a person eligible for Medicare.

People who have coverage through one of these retiree programs should make sure they get the Credible Coverage notice for 2025 and do a cost benefit analysis before making any change in coverage!

Stephanie Thompson

Can you explain what the special circumstances are that Medicare would not be primary to COBRA?

Under Medicare's Secondary payer rules Medicare is required to provide secondary coverage to certain employer health plans, COBRA, and other specified situations such as Workers Compensation or certain auto insurance situations. When other coverage should pay but hasn't Medicare can pay primary benefits and collect later. Medicare doesn't pay at all for VA services, TriCare for Life, or military care.

Anonymous Attendee

If an employee voluntarily quits a company, does that employee get COBRA?

In general, the answer to this question is NO. A qualifying event includes:

Termination of the covered employee's employment for any reason other than "gross misconduct," or

Reduction in the covered employee's hours of employment

Anonymous Attendee

In COBRA example, does it make a difference if employer provides insurance coverage as a separation benefit instead of through COBRA?

COBRA is an extension of the same benefits a former employee had while working. If you mean that an employer would offer medical insurance instead of COBRA, I am not sure if that is legal when that employer is required to offer COBRA coverage. An attorney would have to answer that question.

Thomas Lanphier

If I retire from a large group, I am 65, and I choose to discontinue my Large Group Medical plan but want to continue, under COBRA, my optional Dental plan. Can I do that?

I cannot answer this question, it depends on the rules an employer has for the retention of additional benefits. I suggest this person ask their company's HR people.

Ken Wanderman

In the case you mentioned about the 76-year-old man with cobra, did the recovery stand up or was it contested?

We do not know what happened in this case since we cannot assist people with recovery actions.

Anonymous Attendee

Can Bonnie answer that question again related to being already enrolled in Pt B, and leaving GHP, does the bene have an SEP?

Under California law when an individual leaves employment and is no longer covered by their employer's health insurance, they have a choice of enrolling in COBRA or choosing a Medigap.

Natasha Mascarenhas

If you go on COBRA after you end active employment, take COBRA benefits for the full period that it is offered, do you have an SEP at the end of that period, or are you subject to late penalties for Medicare enrollment, as well as subject to recovery by COBRA?

If you do not enroll in Medicare during the 8-month SEP following the end of your employment, you can be subject to a late enrollment penalty whenever you do apply. Being covered by COBRA does not protect you from that late enrollment penalty. Each COBRA carrier decides how to deal with people who are eligible but not enrolled for Medicare benefits. Our experience has been with those carriers who choose to interpret eligibility as equivalent to being enrolled for benefits and that Medicare should have been the primary payer and have notified former employees of an attempt to recover.

Maria Clark

Can an individual who left employment enroll in Medicare and later suspend Medicare to join under spouse's EGHP?

Yes, people can suspend Medicare when they are covered by an employer's health plan that is required to be the primary payer of their health care benefits.

P Zamora

If I leave my employer and sign up for COBRA to supplement Medicare (i.e., as a Medigap policy), and then I later decide to terminate COBRA (prior to the maximum duration), will I be entitled to a SEP to sign up for a Medigap policy?

In general, the answer to this question is NO. This is because the underlying federal law doesn't provide a Medigap SEP in this situation until after the exhaustion of COBRA.

Anonymous Attendee

Can you please cover the rules regarding the coordination of COBRA and Medicare? Thank you

This answer depends on the underlying design of the EGHP benefits that COBRA is providing. In some cases, the COBRA benefit will simply pay after Medicare up to the amount the plan would have paid. In other cases, COBRA will subtract the Medicare payment from the amount the plan would have paid and pay the difference if any.

Anonymous Attendee

Can you clarify: If on COBRA After Medicare, no penalties but if on COBRA first, penalties would apply?

I don't understand this question. If this question is whether late enrollment penalties can apply if a person is enrolled in Medicare when they go on COBRA then the answer is no since they would already be paying the premium for Part B. However, if an individual becomes eligible for Medicare *after* they've begun COBRA coverage, it's likely COBRA will end.