



ISMA Health Insurance Subscribers Attaining Age 65 Frequently Asked Questions

Q. When will my Medicare coverage start?

A. Your Medicare coverage will start on the first day of the month in which you attain age 65, unless your birth date falls on the first day of the month, in which case your Medicare coverage will start on the first day of the month before.

Q. Will Medicare be my primary or secondary insurance?

A. If you are retired or are part of an employer with fewer than 20 employees that pays some part of your health insurance premiums, when you become eligible for Medicare, Medicare will be your primary insurance.

If you are part of an employer with 20 or more employees that pays some part of your health insurance premiums, when you become eligible for Medicare, Medicare will be your secondary insurance.

Q. What do I need to do to apply for Medicare?

A. You can apply for Medicare about 3 months before you turn 65 by calling Social Security at (800) 772-1213. (We'll send a letter to remind you.) If Medicare will be your primary insurance, you should apply for Medicare Parts A and B. If Medicare will be your secondary insurance, you should apply for Medicare Part A only.

Q. How will my health insurance change when Medicare becomes my primary insurance and what will it cost me?

A. Instead of your current medical insurance policy with Anthem, you will have:

Medicare Part A: Part A is hospital insurance that helps cover inpatient care in hospitals, skilled nursing facility, hospice, and home health care. Most people do not pay a monthly Part A premium because they or a spouse has 40 or more quarters of Medicare-covered employment.

Medicare Part B: Part B helps cover medically-necessary services like doctors' services, outpatient care, home health services, and other medical services. Part B also covers some preventive services.

In 2014, people who have individual incomes of \$85,000 or less and married couples with incomes of \$170,000 or less will pay the Medicare Part B standard premium of \$104.90 per month. High-income consumers will pay more, as outlined below:

Monthly Medicare premiums for 2014
Single and filed an individual tax return, or married and filed a joint tax return

Modified Adjusted Gross Income (MAGI) in 2012	Part B Monthly Premium Amount	Prescription Drug Coverage Premium Amount
Individuals with a MAGI of \$85,000 or less Married couples with a MAGI of \$170,000 or less	\$104.90	2014 standard premium for the Medicare Part D plan you choose
Individuals with a MAGI above \$85,000 up to \$107,000 Married couples with a MAGI above \$170,000 up to \$214,000	\$146.90	Standard premium for the Medicare Part D plan you choose + \$12.10
Individuals with a MAGI above \$107,000 up to \$160,000 Married couples with a MAGI above \$214,000 up to \$320,000	\$209.80	Standard premium for the Medicare Part D plan you choose + \$31.10
Individuals with a MAGI above \$160,000 up to \$214,000 Married couples with a MAGI above \$320,000 up to \$428,000	\$272.70	Standard premium for the Medicare Part D plan you choose + \$50.20
Individuals with a MAGI above \$214,000 Married couples with a MAGI above \$428,000	\$335.70	Standard premium for the Medicare Part D plan you choose + \$69.30

Monthly Medicare premiums for 2014
Married and lived with spouse during part of taxable year but filed a separately

Modified Adjusted Gross Income (MAGI) in 2012	Part B Monthly Premium Amount	Prescription Drug Coverage Premium Amount
Individuals with a MAGI of \$85,000 or less	\$104.90	2014 standard premium for the Medicare Part D plan you choose
Individuals with a MAGI above \$85,000 up to \$129,000	\$167.80	Standard premium for the Medicare Part D plan you choose + \$50.20
Individuals with a MAGI above \$129,000	\$230.80	Standard premium for the Medicare Part D plan you choose + \$69.30

For more details, go to www.medicare.gov/cost and click on **Higher-income consumers may pay more**, to the right of **Part B monthly premium**.

Medicare Supplement: Medicare Supplement policies come in the form of Medicare Carve-out policies (for example the ISMA/Anthem Medicare Carve-out) and Medigap policies. These policies provide coverage that fills gaps in coverage provided by Medicare Parts A and B. The ISMA Medicare Carve-out has a premium of \$171.97 per month for a physician or employee age 65-59, or \$173.67 per month for a spouse age 65-59 in 2014. Medigap premiums vary by plan and insurance carrier.

Medicare Part D Prescription Drug Plan: Medicare prescription drug coverage is insurance run by an insurance company or other private company approved by Medicare. *You do not have to buy a Medicare Part D Plan but if you decide not to when you're first eligible, and you don't have other credible prescription drug coverage, you will likely pay a late enrollment penalty.* Most people will pay about \$20 to \$40 per month for a Medicare Part D Plan but more comprehensive plans may cost more than \$200 per month. High-income consumers will pay more, as outlined above.

You can apply for a Medicare Part D Plan about 3 months before you turn 65. It's important to be prompt to avoid a break in your prescription benefits. Also, there's a penalty for enrolling more than three months after your 65th birthday. You can switch plans during the annual open-enrollment period, which typically runs from mid-October to early December.

Q. Will I continue to use my current Anthem ID card after Medicare becomes my primary insurance?

A. No. Anthem will issue a new ID card for your Medicare Carve-out, which you should receive just before your plan changes. If you currently cover a spouse, Anthem will also issue a new ID card to him (or her). To ensure accurate processing of claims, the first time you present your new ID card to each of your health care providers, you should point out that you have a new ID number so they can update their records. Your spouse will need to ask your pharmacy to update their records using his new ID card, otherwise prescription benefits will be denied.

Q. Do I need to request the ISMA change my Anthem policy to a Medicare Carve-out?

A. No. The ISMA keeps track of birth dates and will automatically change your Anthem policy to a Medicare Carve-out at the appropriate time. If you cover a spouse and/or children, separate policies will automatically be created.

Q. Which Medicare Part D Prescription Drug Plan does the ISMA recommend?

A. Because different plans cover different lists of prescription drugs at different levels of benefits, there is no "one-size fits all" plan. We suggest you ask your pharmacy for help in choosing a Medicare Prescription Drug Plan because they already know which prescriptions you are using, and many pharmacies offer this service to their customers at no charge. Or, go to www.medicare.gov and follow the prompts to obtain a list of plans that cover your prescriptions. Or, call Donna at the ISMA at (317) 454-7743 for assistance; if you provide her a list of the prescription drugs you use and their dosages, she will use the Drug Plan Finder at www.medicare.gov to find the top two or three plans for you.

Q. If I decide to purchase a Medicare Supplement outside the ISMA plan, can my spouse continue coverage through the ISMA?

A. Your participation in the ISMA plan is what makes your spouse eligible for coverage through the ISMA. If you purchase a Medicare Supplement outside the ISMA plan, your spouse will not be eligible to continue coverage through the ISMA.

Q. If I have a Health Savings Account (HSA), what happens when I turn 65?

A. Once you enroll in Medicare you may no longer contribute to your HSA. Your maximum contribution and your catch-up contribution for that calendar year must be pro-rated based on the number of months you were eligible to contribute. (If you have already fully funded your HSA for the year in which you turn 65, to avoid potential tax consequences you should write

your HSA administrator to request a withdrawal of the overfunded amount and any interest earned by the amount overfunded for that year.)

EXAMPLE: You and your spouse are enrolled in an HSA-qualified High Deductible Health Plan (HDHP) and have a Family Health Savings Account (HSA). Your spouse is two years younger than you. You attain age 65 on May 15, and become eligible for Medicare on May 1. Therefore, you can contribute to your HSA for January 1 through April 30, which is 4 months. The 2014 HSA contribution limit for a Family is \$6,550; you can contribute 4/12 of this amount, which is \$2,183. The 2014 catch-up contribution limit is \$1,000; you can contribute 4/12 of this amount, which is \$333. This produces a total maximum contribution of \$2,516.

Q. If I have a Health Savings Account (HSA), can my spouse make contributions after I turn 65?

A. Yes, if your spouse opens a separate Health Savings Account in his (or her) name on the date you enroll in Medicare.

As long as he is or she is enrolled in an HSA-qualified High Deductible Health Plan (HDHP), he (or she) is eligible to make a prorated contribution based on the number of months remaining in the calendar year when the HSA is opened. If your spouse is between age 55-64, he can include the full catch-up contribution; the catch-up contribution is not prorated.

EXAMPLE: You and your spouse are enrolled in an HSA-qualified High Deductible Health Plan (HDHP) and have a Family Health Savings Account (HSA). Your spouse is two years younger than you. You attain age 65 on May 15, and become eligible for Medicare on May 1. Your spouse can open his (or her) own HSA starting May 1. He can contribute to his HSA for May 1 through December 31, which is 8 months. The 2014 HSA contribution limit for a Single is \$3,300; he can contribute 8/12 of this amount, which is \$2,200. The 2013 catch-up contribution limit is \$1,000.00; he can contribute that full amount. This produces a total maximum contribution of \$3,200.00.

Q. If I have a Health Savings Account (HSA), how are disbursements from my HSA taxed after I turn 65?

A. You can continue to use your HSA account tax-free for eligible out-of-pocket expenses.

When your Medicare coverage takes effect, you can also use HSA funds on a tax-free basis to pay for Medicare Part B premiums, Medicare Part D premiums, deductibles and copays, qualified long term care insurance premiums, and COBRA premiums (but not for a Medicare Carve-out or Medigap plan).

At this age, you can also use HSA funds for non-medical reasons; the amount withdrawn will be taxable as income, but is not subject to penalties.