



ISMA Health Insurance Subscribers
Attaining Age 65 in 2018
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. When I become eligible, will Medicare be my primary or secondary insurance?

A. If you are retired or are part of an employer with fewer than 20 employees, Medicare will be your primary insurance. You will need to enroll in Medicare Part A and B and a prescription drug plan.

If you work for an employer with 20 or more employees, and that employer pays some part of your insurance premium, your group health insurance will continue to be your primary coverage. You will not need to enroll in Medicare or a prescription drug plan.

If you work for an employer with 20 or more employees, and that employer does not pay any part of your insurance premium, Medicare will be your primary insurance. You will need to enroll in Medicare Part A and Part B and a prescription drug plan.

If you work for an employer with 20 or more employees and have an H S A, you may continue to contribute to the H S A if you do not enroll with Medicare.

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

A. You can apply for Medicare about 3 months before you turn 65. Go online to www.socialsecurity.gov/medicare, or call 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 do not need to apply for Medicare.

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 hospital, skilled nursing facilities, 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.

Medicare Part D Prescription Drug Plan: Medicare prescription drug coverage is insurance through an insurance company or other private company approved by Medicare. If you do not enroll in Part D within 3 months of turning 65, you will likely pay

a late enrollment penalty when you do enroll. Most people will pay about \$20 to \$50 per month for a Medicare Part D Plan.

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. You can switch plans during the annual open-enrollment period, which typically runs from October 15th through December 7th.

Q. What is the Income Related Monthly Adjustment Amount?

A. You pay a premium each month for Part B and Part D. Most people will pay the standard premium amount. However, if your modified adjusted gross income as reported on your IRS tax return from 2 years ago is above a certain amount, you may pay an Income Related Monthly Adjustment Amount (IRMAA). IRMAA is an extra charge added to your premium.

If your yearly income in 2016 (for what you pay in 2018) was			You pay each month (in 2018)	Your Monthly Part D Premium In 2018
File individual tax return	File joint tax return	File married & separate tax return		
\$85,000 or less	\$170,000 or less	\$85,000 or less	\$134	Your plan premium
above \$85,000 up to \$107,000	above \$170,000 up to \$214,000	Not applicable	\$187.50	\$13 + Your plan premium
above \$107,000 up to \$133,500	above \$214,000 up to \$267,000	Not applicable	\$267.90	\$33.60 + Your plan premium
above \$133,500 up to \$160,000	above \$267,000 up to \$320,000	Not applicable	\$348.30	\$54.20 + Your plan premium
above \$160,000	above \$320,000	above \$85,000	\$428.60	\$74.80 + Your plan premium

When you retire and your income goes down, you should contact Social Security to request Form SSA-44 Medicare Income-Related Monthly Adjustment Amount Life-Changing Event. The Life Changing Event will be “work stoppage or reduction”.

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 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 a list of the prescription drugs you use and their dosages, she will use the Drug Plan Finder at www.medicare.gov to identify the top two or three plans for you.

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. You should receive it just before your plan changes. To ensure accurate processing of claims, present your red/white/blue Medicare card and new Anthem ID card to each of your health care providers after you turn 65. If you currently cover a spouse, Anthem will also issue a new ID number and card to them. They will need to present the new card to providers and pharmacies to update records using the new ID number, otherwise benefits will be denied.

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

A. If you are retired or part of an employer with fewer than 20 employees, when you become eligible for Medicare due to age, the ISMA will automatically change your Anthem policy to a Medicare Carve-out at the appropriate time. If you are part of a group with 20 or more employees that pays some part of your premium, you will need to notify the ISMA about 3 months before you retire or leave the group, so the ISMA can change your Anthem policy to a Medicare Carve-out. At that time, you will also need to call Social Security at (800) 772-1213 to apply for Medicare Parts A and B.

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. I work for an employer with more than 20 employees. Can I delay enrolling in Medicare and continue contributing to my H S A?

As long as your employer has 20 or more employees, and you have not applied for Social Security, you have the right to postpone applying for Medicare and therefore can continue to contribute to your H S A until you stop working. There is no penalty for this delay. When your employment ends, you are entitled to a special enrollment period to sign up for Medicare.

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

A. Once you enroll in Medicare Part A, you may no longer contribute to your HSA. Your maximum contribution and your catch-up contribution for that calendar year will be prorated 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 2018 HSA contribution limit for a Family is \$6,900; you can contribute 4/12 of this amount, which is \$2,300. The 2018 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 \$2,633.

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

A. If your spouse opens a SEPARATE Health Savings Account in his (or her) name, HSA contributions are allowed until your spouse enrolls in Medicare Part A.

As long as a spouse 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 the ages of 55-64, a prorated catch-up contribution is allowed.

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 a separate HSA starting May 1 and contribute to that HSA for May 1 through December 31, which is 8 months. The 2018 HSA contribution limit for a Single is \$3,450. Your spouse can contribute 8/12 of this amount, which is \$2,300. The 2018 catch-up contribution limit is \$1,000. Your spouse can contribute 8/12 of this amount, which is \$667. This produces a total maximum contribution of \$2,967.

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. Find a list of IRS Qualified Medical Expenses at hsabank.com/~media/files/eligible_medical_expenses or call the IRS at 1-800-TAXFORM and request a copy of Publication 502 titled "Medical and Dental Expenses."

When your Medicare coverage takes effect, you can 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).

You can use HSA funds for non-medical reasons. The amount withdrawn will be taxable as income, but is not subject to penalties. If tax advice is required, you should seek the services of a professional.