

CENTERS FOR MEDICARE & MEDICAID SERVICES
Employers Open Door Forum
Moderator: Jill Darling
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2:00 p.m. ET

Operator: Good afternoon. My name is (Christina) and I will be your conference facilitator today. At this time I would like to welcome everyone to the Centers for Medicaid and Medicare Services Employer Open-Door Forum.

All lines have been placed on mute to prevent any background noise. After the speakers remarks there will be a question and answer session. If you would like to ask a question during this time simply press “star” then the number “one” on your telephone keypad. If you would like to withdraw your question press the “pound” key. Thank you.

Jill Darling, you may begin your conference.

Jill Darling: Thank you, (Christina). Good morning and good afternoon, everyone. Thank you for joining us today for the first Employers Open Door Forum of 2017. I’m Jill Darling in the CMS Office of Communication.

Before we dive into our agenda today I have two brief announcements. This Open Door Forum is not intended for the press and the remarks are not considered on the record. If you are a member of the press you may listen in but please refrain from asking questions during the Q and A portion of the call. If you have an inquiries please contact CMS at press@cms.hhs.gov. Also, now all Open-Door Forums will be available through podcast. So on the agenda there was a long link where you can get the podcast for all our CMS Open Door Forums.

Also, give us about a week or so to get it posted – the transcript and the audio.

So thank you very much and I'll hand the call over to our chair, Felicia Verrett.

Felicia Verrett: Thanks Jill. Good afternoon everyone, my name is Felicia Verrett; I'm your chair and welcome to first installment of the CMS Employers Open Door Forum. This is 2017 we're starting and today we hope you'll enjoy our presenters, David Santana of CMS and Laura Eldon of the Centers for Information and Insurance Oversight.

We hope you will enjoy the presentations that they give and develop some great questions along the way. Now, we'll turn it over to our speakers. Our first speaker will be Laura Eldon.

Laura Eldon: Great, Felicia and Jill and thanks everyone for joining us today. So we're going to begin the call with an overview of the SHOP Marketplace and what it can mean for your small business. So we'll go ahead and dive right in.

So what is the SHOP Marketplace? Well SHOP stands for the Small Business Health Options Program and its part of the Health Insurance Marketplace and it is available in every state. That was created under the Affordable Care Act.

Today we're going to be talking about the SHOP Marketplace that is available through healthcare.gov and that's the SHOP Marketplace that's run by the federal government. So if you're on the line and you're not sure whether your state is running its own SHOP Marketplace or if it's using the healthcare.gov platform, I'd encourage you to check out healthcare.gov for some more information.

So the SHOP Marketplace is open to small employers with one to 50 employees, that's five zero, and that's including non-profit and religious organizations. The SHOP Marketplace offers a choice of health and dental plans as well as tools to help customers make informed purchasing decisions.

Employers and their employees can submit an initial group enrollment for SHOP Marketplace coverage at any time throughout the year and after the initial group enrollment is submitted and the coverage actually goes into effect, the SHOP Marketplace enrollments are limited to annual enrollment

period for employees, special enrollment periods and enrollment periods for newly eligible employees.

But the piece that I really want to highlight here is that the SHOP Marketplace offers small employers a variety of quality health and dental insurance plans all on-line through healthcare.gov. Small employers who want to enroll in coverage through the SHOP Marketplace can do so at any time of the year, there's no limited open enrollment period for that first initial enrollment.

Another thing I do want to highlight that is, if employers offer coverage through the SHOP Marketplace and they meet other eligibility requirements they may be able to claim the small business healthcare tax credit, which can be worth up to 50 percent of their premium contributions or up to 35 percent for those tax exempt non-profit employers.

The SHOP Marketplace, as I mentioned, takes place all online through healthcare.gov and through the SHOP Marketplace, we'll dive into this a little bit more in a little bit, but employers actually have the ability to offer their employees a choice of health and dental plans much like larger employers do.

But before we really dive in I just want to highlight that small employers with fewer than 50 full time employees are not required to offer their employees health insurance and there's no penalty if they choose not to. However, we do know that many businesses – small business do want to offer these health and dental benefits to attract and retain valued employees.

So before we get into the nitty gritty we're going to talk about which employers can actually participate in the SHOP Marketplace. So in order to purchase coverage through the SHOP Marketplace the first eligibility requirement is that you must be a small employer. And small employer once again, for those on the healthcare.gov platform, are those with one to 50, again that's five zero, employees.

Those employers must also offer coverage to all of their full-time employees in order to participate in the SHOP Marketplace. And a full time employee, for the SHOP Marketplace, is defined as one that's working 30 or more hours per week on average.

Part time workers whose combined hours total at least 30 hours per week are also included when determining the SHOP Marketplace eligibility.

Healthcare.gov does offer an online tool, what we call our SHOP FTE calculator, that can help employers and those assisting them count how many full time employees they have to determine if they might be eligible for the SHOP Marketplace.

In order to participate, employers must also have one employee on payroll that is not a business owner or spouse, actually enroll in coverage in order for the entire group to enroll in SHOP Marketplace coverage. So say for example, you own a small business and your only employee is your wife, the best place for you to enroll in health insurance would be – or one of your options would be through the health insurance marketplace for individuals and families.

Unfortunately, you must have one employee who is not a business owner or spouse on payroll and actually enroll in coverage in order for you to be a group that would eligible for SHOP Marketplace coverage.

And then finally employers must have a principal business address or eligible employee worksite in the state in which they're offering coverage in order to be eligible for the SHOP Marketplace. For those employers who might have employees in more than one state, there are a few options for them in terms of offering coverage.

The first one is that the employer can either, choose a single health plan with a multi state or national provider network and offer it to all of the employees in all the business operation locations. So in that instance the employer would create one SHOP Marketplace account and just offer coverage through that account to all of their employees in all of the states – and select coverage that might have a multi state provider network.

Or the employer would -- can also create a SHOP Marketplace account in each of the states in which they have employees, as long as there's a primary worksite in all of those states and as long as each business in each of the state meet all of the other eligibility criteria to participate in the SHOP.

So I'll just run through those four things quickly again. In order to participate in the SHOP Marketplace you must be a small employer and that's one with one to 50 employees. You have to offer coverage to all of your full time employees, so that's those employees who are working 30 hours or more per week on average.

You have to have at least one employee enroll in coverage who is not a business owner or spouse. And you also have to have a principal business address or eligible employee worksite in the state in which you're offering coverage.

So there are many benefits of offering coverage through the SHOP Marketplace. We've talked about a couple of them already but I'll just go back through and highlight them again. So the SHOP Marketplace gives employers convenience and choice.

So first off employers can complete the initial group enrollment at any time during the year. In the SHOP Marketplace if an employer's initial group enrollment is complete between the first and the 15th day of the month the coverage could begin as soon as the first day of the next month.

So for example if you complete an enrollment on October 10th your business could be covered as soon as November 1st. However if you submit an enrollment after the 15th of the month your coverage would begin as soon as the first day of the second following month. So quickly that mean if you complete an enrollment on October 10th your group coverage could begin as soon as December 1st.

Through the SHOP Marketplace you can browse, compare, apply and enroll in SHOP Marketplace health and dental plans all online through healthcare.gov. As the employer you also have the ability to offer your employees either one plan, a single health and/or dental plan, or you can offer them a choice of health and dental plans. And there a couple ways in which you can offer your employees choice. As the employer, you can either select a medal level or a plan category. Under the Affordable Care Act, plans on the marketplace are grouped into medal categories; that's a bronze, silver, gold and platinum.

And those different medal categories are just a way for -- to categorize the different plans, how the different plans share the cost of coverage with the enrollee. The different plan levels don't say anything about the kind of care that one might receive under that plan or the network.

It's just a way for people to understand what they're buying a little bit better. Employers in the SHOP Marketplace can choose one of those medal levels and then allow their employees to choose any plan within that plan category. Say you select the silver plan, your employees can choose any plan that's offered in your state in the silver category.

And new for this year, in some states, employers have the ability to offer their employees a choice of health plans by -- health and dental plans by insurance company. In that scenario, the employer could just pick a health insurance company, a dental insurance company, and the employees would be able to choose any plan that's offered by those companies.

And this allows -- the ability for choice is something that isn't available in the outside market and it's also something that a lot of large employers do but small businesses haven't really had the luxury of offering their employees these different types of choices in the past.

One important thing (that I'll) also highlight on the employee choice piece is that no matter how many plans you offer your employees, no matter how many plans those employees select, the employer just gets and receives one monthly bill from the SHOP marketplace.

Even if your employers -- even if your employees enroll in four different insurance companies and five different plans within those insurance companies, you will receive one bill from the SHOP Marketplace that you will pay and the SHOP Marketplace will take care of dispersing all of those payments.

If you're thinking of choice and you're thinking of more paperwork, not to worry, the SHOP takes care of doing all of that for you. The SHOP market -- the next piece I want to talk about is the idea of control over spending for employers in the SHOP marketplace. As we just talked about, small

employers have the option of deciding how to offer coverage; either a choice or a single plan.

As the employer, you also get to decide if you want to offer coverage to your employees' dependents. And you also get to decide if you'd like to offer your employees and, if you choose, their dependents' health plans, dental plans or both. In the SHOP Marketplace, you have the ability to offer both health and dental plans, just dental plans or just health plans.

Your employees, for example, say you offer both health and dental coverage through the SHOP Marketplace, your employees would then have the ability to choose whether they want to enroll in health coverage, dental coverage or both. I will note, that if you do offer coverage to employees' dependents, the employees and dependents must enroll in the same plans.

Dependents can't enroll in any plan that their applicable employee does not enroll in. And if you do decide to offer coverage, you -- actually, I'll take a step back. You have a lot -- as we've talked about, you have a lot of choices when it comes to how you offer coverage through the SHOP Marketplace.

And I also want to focus on the cost. As the employer, you get to decide how much you want to contribute to your employee's premium cost; and if you're offering coverage to dependents, you also get to decide how much you want to contribute to your employees' dependents.

You don't need to contribute the same amount to your employee premiums as you do your dependent premiums. And as we also covered, the SHOP Marketplace also gives employers' access to the Small Business Health Care Tax Credit. And just once again, the Small Business Health Care Tax Credit, which can be worth up to 50 percent of an employer's premium contribution -- or up to 35 percent for tax-exempt or non-profit employers -- is only available through the SHOP Marketplace.

And we can talk a little bit more in depth about the Small Business Health Care Tax Credit and what it means for small employers. There are a couple eligibility requirements for the Small Business Health Care Tax Credit. To

file for the tax credit, you file through the IRS with the -- at the end of the year with your tax returns.

And it is -- for those tax employers, it is distributed as a credit that you do receive it back in full at the end of the taxable year. To be eligible for the Small Business Health Care Tax Credit, you have to be -- you have to have your employees in SHOP Marketplace coverage.

You have to have 25 or fewer full time employees. This gets a little confusing, but for purposes of the Small Business Health Care Tax Credit, a full time employee is defined as one that works a 40 hour work week, unlike for SHOP where it's the 30 hour work week.

But this actually means that more of your employees can actually be -- even if you have a bigger business than 25 under SHOP, you might still fall into the tax credit window. You have to have fewer than 25 full time employees. The tax credit does work on a sliding scale.

The smaller businesses, the smaller and lower income businesses, will get a higher credit than some of those on the upper end of the scale. You must offer coverage to all of your employees. You also have to pay at least 50 percent of your employee-only premiums and your average salary for your employees must be approximately \$50,000 per year.

And that number is adjusted annually for inflation. If the tax credit sounds like something that you might be interested in and you think you might be eligible for it, I'd encourage you to go over to healthcare.gov and click on the small businesses tab. Under (on) the employer side of the Web Site, there is a tool called (our) tax credit tool that can help you determine if your business might be eligible for the Small Business Health Care Tax Credit.

And if so, how much the credit could potentially be worth for your business. That is a big pull if that is a credit that you apply for. But again, you'd have to enroll in SHOP Marketplace coverage in order to fully meet all the eligibility requirements. I'm just making sure that we have enough time to go through everything.

The last thing that I want to touch on is some of the resources that we have available for -- on healthcare.gov. Once again, the SHOP Marketplace that we've been talking about today is the one that is run by the federal government and it lives on healthcare.gov. If you go over to healthcare.gov and select the small businesses tab, we do have a variety of resources.

As we talked about, we have our full time employee calculator, which can help you determine the size of your business for the purposes of SHOP Marketplace eligibility. We also have the tax credit tool that is available to help you determine if you might be eligible for the Small Business Health Care Tax Credit.

And if so, how much it could be worth to your business. If you like what you've heard today, but you're not quite ready to start an application -- start applying, that's no problem. We do have a fee, plans and prices tool available on healthcare.gov. Users can go over to healthcare.gov to visit the tool and you browse available SHOP Marketplace health and dental plans in your area before you actually choose coverage.

Once again, there's no account needed. You can just -- it's kind of our window shopping tool. It allows you to get a sense of what's available in your state. In order to -- the fee, plans and prices tool will ask you a few quick questions such as whether you're looking for health benefits or dental benefits.

It will also ask you to select the state in which your primary business address is located. The price estimates that will then be generated are based on the age (ranges) of employees and where the business is located. The estimates that you will see will reflect prices for people who don't use tobacco.

Insurers are allowed to charge higher premiums for tobacco users. And also, the estimates that you'll see will not reflect any savings that you might be able to receive through the Small Business Health Care Tax Credit after you file tax returns. It's just a general sense of what the plans and the prices look like in your area.

Obviously for the more specific plans and prices, that's for your business, you will would then have to go create an account on healthcare.gov and visit the

SHOP Marketplace to get started with your application. Finally, before we wrap up, I do want to note that there is help available.

We know healthcare can be a little confusing, especially the application and enrollment process. And there is help available to you. SHOP Marketplace registered agents and brokers can be found using the Find Local Help tool on healthcare.gov. If you actually log-in -- if you create an account and log-in, you can also assign an agent or broker through your account to work on your behalf in the SHOP Marketplace.

Agents and brokers are able to help you create your -- start your application, fill it out, talk to you and your employees about the healthcare options that work best for you on your budget. They can help you make planned comparisons and things of the sort. So agents and brokers can be a really valuable resource and they are available to you, and you can search for those on healthcare.gov. The SHOP call center is also available to help, they can help you with general inquiries, if you have any questions about how to use healthcare.gov or about the SHOP marketplace generally.

They're certainly there how to help, the SHOP marketplace call center is open from Monday to Friday 9:00 a.m. to 7:00 p.m. Eastern. The phone number for the call center is 1-800-706-7893 (and TTY) users (can 711), and the call center is able to assist employers, employees who have an offer of SHOP marketplace coverage, as well as agents and brokers.

So help is really available for you throughout every single step of the process and of course there are a variety of resources available on healthcare.gov. So I know I ran through that and very quickly and (maybe) jumped around a little bit but we do have a couple minutes left, so if you have any questions I will hang on the line for a little bit. Please feel free to ask them now.

Operator:

As a reminder, ladies and gentlemen, if you would like to ask a question please press star then the number one on your telephone keypad. If you would like to withdraw your question, please press the pound key. Please limit your questions to one question and one follow-up to allow participants time for

questions. If you require any further follow-up, you may press star one again to rejoin the queue.

Your first question comes from Jerry Weinhold from Jerry Weinhold Construction, sorry, your line is open.

(Jayne Weinhold): Hi, this is (Jayne Weinhold) speaking. My question is I've been on the Web Site several times -- we are enrolled through the marketplace but we're enrolled individually in an individual plan. My husband is a small employer, we have one employee, but he would be declining insurance through us because he is covered through his wife's company.

I just need some clarification on whether we are actually eligible to enroll as an employer through the marketplace or do we have to stay in the individual market. I am not certain because I did not the online calculator to see if we are indeed eligible and I've done it like three times. The first time it said we were and then that we were not eligible to go through the employer marketplace because our employee would be declining and we wouldn't actually be covering any of our employees.

Laura Eldon: Right.

(Jayne Weinhold): But then I had gotten an e-mail just like last week that said you need to look at this (yada, yada, yada,) which led me to believe that we could possibly go through the employer marketplace even though it would just be my husband and I, we have no more dependants at this point.

Laura Eldon: OK. That is a great question. So in order for a small business to enroll through the SHOP marketplace, there has to -- there has to be one employee on payroll, which it sounds like you have on but unfortunately that employee also has to accept your offer of coverage. So you and your husband can't be the only two people --

(Jayne Weinhold): OK.

Laura Eldon: ... that are actually enrolling in coverage. Right. You – that employee would need to accept your offer to enroll in SHOP marketplace coverage in order for your business to enroll.

(Jayne Weinhold): What if I am the employee. Now, I am currently not actually on the payroll even though I do the office management. If I were to actually put myself on the payroll, which I have done in the past, it's just been quite a few years since I did. We've been in business –

Laura Eldon: Right.

(Jayne Weinhold): ... 30 years. If I were the employee on the payroll, that would be getting the health insurance. So that would qualify, would it not?

Laura Eldon: So, no because you are a spouse, that one employee that has to enroll cannot be a business owner or a spouse in order for the group eligible.

(Jayne Weinhold): OK. I just wanted to clarify because I keep getting like conflicting information. I keep hoping you know because I am in Pennsylvania and southeastern Pennsylvania and our premium, it almost doubled from what it had been last year because we've had Aetna recently dropped out of the market in PA so we are – we have either Geisinger or Highmark ...

Laura Eldon: OK.

(Jayne Weinhold): ... and we're pretty much on the same plan we were last year, but it almost doubled in premiums. So we're to – over \$24,000 a year for insurance. So I just thought – I'm looking at every option I possibly can to try and lower that and we do take the deduction, our accountant has us do that because our (employees) salary is high enough to do that.

Laura Eldon: Great. Well, thank you for your question.

(Jayne Weinhold): All right, thank you.

Female: Your next question comes from Will Heavin from Heavin Insurance Agency.

Your line is open.

William Heavin: Yes, thank you very much. Fine presentation, and thank you for recommending the agents for assistance. The question I have is regarding carriers – I think you mentioned that that was by state, so in Texas would have offer more than one insurance company per group – per small group?

Laura Eldon: I'm sorry. Say that again.

William Heavin: In the state of Texas, would I be able to offer more than one insurance company for the business, like Blue Cross and United Healthcare as an example.

Laura Eldon: Let me pull up my list quickly, just hold on one minute.

William Heavin: Because (you'd) mention that was by state.

Laura Eldon: Yes, that -- so all employer had the ability to offer either – they have to – they can offer a single health and/or dental plan or they can offer a choice by plan category, but there are certain states –

William Heavin: Right.

Laura Eldon: ... that the other option by an insurance company is by state. Let me just make sure I have my list, my most up-to-date list. And I will (inaudible). OK. So yes, Texas is one of them. I can – I'll rattle them off quickly. So, if you are in Maine, New Hampshire, Delaware, Virginia, Georgia, Florida, Kentucky, Ohio, Louisiana, Texas, Oklahoma, Kansas, Missouri, Illinois, Iowa, Wisconsin, North Dakota, Montana, Wyoming, Nevada or Alaska, you'll be able to offer employees a choice of health or dental plan by insurance company.

William Heavin: And then would you have to stick, for example, with the same silver plan, or could you do a different metallic level in different insurance company options to the same groups.

Laura Eldon: So, if I'm understanding the question correctly; you're asking if we could – you could blends the choice options?

William Heavin: Right.

Laura Eldon: So, no. So you can – you'll either have – if your offering and a choice of plans, you either have to offer choice by plan category or by health insurance company.

William Heavin: So if we were....

Laura Eldon: So if you're offering by health insurance company that employees can choose any plan across any medal level.

William Heavin: OK. That answers that question. Good. Well thank you again for your presentation was excellent. Well done.

Laura Eldon: Thank you, and thank you for your question.

Female: Your next question comes from (Ken Burns) from (Axis Graphics). Your line is open.

(Ken Burns): Hi, thank you again for the presentation. I am really new to this whole insurance thing.

Laura Eldon: Welcome.

(Ken Burns): We've got – we've got employees in a couple of the states you just mentioned and then we've also got employees in some states that you did not mention. So, for us would we have to go with like a national plan or how would that work for someone like us?

Laura Eldon: So, it depends – this gets – can get a little complicated and into the (weeds). So, for you, I'd recommend chatting either -- also after this – either (finding) agent or broker that's near you or a navigator or sister to kind of really help you evaluate all the plans, and what's available to you because you do have multiple businesses. So it -- the way that the SHOP kind of categorizes the different business also has to do with how many (EINs) you have for your different businesses. So little...

(off-mic)

Laura Eldon: It's all one?

(Ken Burns): Yes.

Laura Eldon: When it's all one, it can be counted as one business, so as long -- if all locations included (do you) have 50 or how many employees approximately would you -- is it under 50?

(Ken Burns): Yes, we have 12 employees in 5 states.

Laura Eldon: Oh. OK. So, in that case you do have the option and if your worksites in all those locations, you do have the option of offering --either creating one SHOP account and looking for a multistate or national provider network, or you could create different accounts in the different states. And I will note, I'm not sure which states you're in but if any of them are -- if any of them are in states that are operating their own SHOP marketplace, that are not on healthcare.gov, you'll have to create a separate account and for those. Does that make sense?

(Ken Burns): Yes.

Laura Eldon: Through the state marketplace. So if you -- if they all -- I mean, you in theory could make it a SHOP marketplace account on healthcare.gov and offer it to all of, like all of your employees in those states that are in the Healthcare.gov states. But say you have businesses in like Connecticut or New York you'd have to have separate accounts for New York and Connecticut because they're running their own state marketplace. They're not on Healthcare.gov.

(Ken Burns): OK, I got you.

Laura Eldon: Yes.

(Ken Burns): And what is the phone number for the customer service?

Laura Eldon: Sure. It is 1-800-706-7893.

(Ken Burns): Well, thank you so much. I very much appreciate your time.

Laura Eldon: Yes. Thank you for your question.

Operator: There are no further questions at this time. I turn the call back over to the presenters.

Jill Darling: Thank you, Laura. Up next we have David Santana who will go – sorry, who has an overview of Medicare.

David Santana: Thank you and hello everyone. Thanks for the opportunity to (have a nice) this afternoon and provide you with some basic information about your employees that may be coming eligible for Medicare or they're already eligible for Medicare or enrolled in Medicare. The goal is to give you some basic information to help you understand how Medicare worked for those individuals that have employee group health plans.

So, this year we have over 60 million individuals enrolled in the Medicare program. And within the next few years, that population is almost going to go – it's going to – almost going to double within the next few years. In fact, on average we have about 10,000 individuals aging into Medicare every day. So, chances are that you would come across employees that are aging into Medicare. And again, the goal is to give you some basic information so that you understand how Medicare works and you can properly advise and guide your employees to make an informed choice when they age into Medicare.

So, we're going to begin with just the basic information about what is the Medicare program. And then we're going to tell you how individuals get enrolled in the program. And the question, when I have – for example, when I have an employer plan available to me, should I enroll in Medicare and what are the options of an employer per se to tell an individual you should enroll in Medicare or the employer not being able to tell an individual what to do, but the individual making a decision by themselves, either individual end up enrolling in Medicare, how exactly that works when you have an employer plan available to you.

So, to begin with – to address the basic question of what is Medicare – so, Medicare is a federal health insurance program for three groups of individuals; those who are aging into Medicare, 65 years of age and over qualify for Medicare. There are about 10 million individuals under 65 that also qualify for Medicare because they have certain disabilities and apply for Social Security Disability benefits and getting cash benefit from Social Security.

And also the second – or the third group rather is the individuals at any age who developed end-stage renal disease. That is a kidney failure that requires either dialysis or kidney transplant to maintain life. So, again, this could be of any age. Some children that are born with kidney failure could be eligible for Medicare.

So, it is important for employers to understand how those benefits will work with Medicare. When you age into Medicare at 65, when you get Medicare because of a certain disability, or when you are eligible because you develop end-stage renal disease. Now, the administration of the Medicare program is under the Centers for Medicare and Medicaid Services. However, enrollment is handled through the Social Security Administration. In other words, when it comes to enrolling in Medicare – or the time to enroll in Medicare or enrollment questions, you will go to the Social Security Administration.

In the event that you're having issues with the Social Security Administration, the ultimate administration responsibility of the program rely on the Centers for Medicare and Medicaid Services. So, you can certainly contact us for assistance. So, how do people get Medicare?

You probably have heard about letters associated with Medicare coverage. The typical Medicare program consists of hospital insurance and medical insurance. Hospital insurance is also called Medicare Part A as in apple. And medical insurance is Medicare Part B. So, again, this is the typical Medicare program that covers for hospital as well as medical insurance.

The hospital insurance would cover an individual when they become inpatient in the hospital. The medical insurance will pay for everything else – services that individuals get outside of the hospital, so just doctor visits, laboratory services, physical therapy, (they) – (durable) medical equipments and so forth goes under Medicare Part B. Now, Medicare Part A is premium free for 99 percent of individuals on Medicare. So, chances are that individuals that are aging into Medicare will get the hospital insurance premium free. And that is because the individual his self or their spouse if they are married, they work at least 10 years and paid taxes into the Social Security system to qualify for Social Security benefits.

And of course if they qualify for Social Security benefits, they qualify for premium-free Medicare Part A, which is the hospital insurance part. Now, Medicare Part B, the individual – no one is basically entitled to that part of Medicare. If they do want medical insurance under Medicare Part B, they do have to proactive and enroll and also pay a premium for that part.

The premium of Medicare Part B depends on their individual income. So, while the majority of individuals on Medicare paid a basic premium, about 30 percent of them pays a higher premium, that basic premium that the individual usually paid until Part B. So, in other words, Medicare Part B comes with a premium – comes with a cost; Medicare Part A is usually premium free.

In 1997, Congress introduced another option to people on Medicare. And that is to choose a private plan that would take the place of Medicare. Those companies had to be approved by the Centers for Medicare and Medicaid Services. And if you enroll in one of those private plans, they will pay for hospital, medical insurance, as well as prescription drugs. The majority of those companies will offer the whole package – hospital, medical, as well as prescription drugs.

And lastly, the Medicare Part D as in David, which is the prescription drug part, was introduced to the Medicare program in 2003 and was implemented in 2006. So, what it does – if an individual on Medicare wants to have coverage for prescription drugs, they would enroll in a standalone prescription drug plan to offer coverage for prescription drug when they go to the

pharmacy to get their drugs. But again, if they choose to enroll in the private option, which we also call Medicare Part C, they could have one card that will have the entire package – hospital, medical, as well as prescription drugs.

So, those are the four parts of Medicare that people refers to – Part A, hospital; Part B, medical; Part C is the private option; and then Part D is the prescription drugs. So, with those four parts of Medicare, people usually have questions in terms of which parts should I take, specifically when you have an employer plan. So, before we go into that, I just wanted to mention quickly how individuals get enrolled in Medicare.

So, if you qualify for Social Security Disability benefits, you can apply for those benefits as early as age 62. Of course, if you apply for the benefits before you're of full retirement age, those benefits are reduced. But again, the individuals do have the option to apply for benefits as early as age 62.

If an individual applied for benefits before they turned 65, for Social Security benefits three months before they turn 65, they will be automatically enrolled in Medicare. In other words, they will receive their Medicare card in the mail along with a "Welcome to Medicare" package. Those who apply for Social Security Disability benefits also will automatically be enrolled in Medicare two years after they start getting those (card) benefits from Social Security.

So again, you will have a group of individuals that will be automatically enrolled in Medicare. Now, once you get that card from Medicare and you have an employer plan that you are enrolled in, you have options and we're going to go over those options because that's the – the vast majority of the questions that we get from individuals is about the options that I have as an individual to choose between my employer plan and Medicare.

And sometimes they don't have such options; it's up to the employer and I'm going to talk about that in just a little bit. So, those individuals that do not apply for social security benefits before they turn 65, they will have to be proactive and enrolled in Medicare. They would have to do it during certain periods and now we're talking about that Medicare part B part which is the

medical insurance which is the part that comes with the premium and it is the part that the individual could end up being penalized for not enrolling timely.

So, around the individual's 65th birthday, we give an individual seven months to sign up for Medicare part B without having to pay a penalty. You have three months before you turn 65, the month of your birthday, and then three months after your birthday to enroll in Medicare part B without having to pay a penalty. If you miss that initial enrollment period around your 65th birthday, the next opportunity to enroll in Medicare is from January through the end of March every year.

Now, if you did not enroll in Medicare when we first gave you the opportunity to do so, Medicare Part B, there is a penalty. The penalty is 10 percent for each 12 months, each year that went by and you could have had Part B but you decided not to enroll.

Keeping in mind that there is no limit on the penalty so if you wait two years, it's going to be 20 percent, if you wait five years, it's going to be 50 percent, if you wait 10 years, it's going to be 100 percent and the penalty will never go away so it's a penalty that you will pay for life if you do not enroll in Medicare when we first give you the opportunity to do so.

As everything else, there's always exceptions to the rule. So, the exception is for an individual who is actively working and has a group health plan through their employment, when they turn 65, they do not need to enroll in Medicare Part B because they qualify for what we call a special enrollment period. That means that an individual don't have to enroll in Medicare Part B. They can do so, meaning enroll in Part B, at any time while they are working, actively working, and covered under their employer plan or through a spouse employer group health plan.

Once that individual retires, then we give them eight months from the time that they retire to sign up for Part B without having to pay the penalty. So, this is where I mentioned in the beginning that sometimes the employees have the option, sometimes the employer is the one that have the option. For example, we have rules that indicate that employers cannot take into account

the age of an individual to treat them any different than how they treat everyone else.

So, that rule applies if the employer has more than 20 employees only. So, if – in other words, if you work – if you are a small employer that has less than 20 employees, you really don't have to obey by that rule. So, what that means is if one of your employees turns 65 and they say "well, I have – I don't have to enroll in Medicare Part B."

You as an employer could tell the individual "yes, you would have to enroll in Medicare Part B because that would save us – for example, that would save us some money" meaning that Medicare will become your primary health insurance and your employer plan will become secondary to Medicare so there's now going to be that much cost to the employer for that individual moving forward.

But again, as an employer, you only have that right if you are a small employee meaning – a small employer meaning that you have less than 20 employees. In other words, you can tell the individual enroll in Medicare or else we don't have to pay as the primary payer if you refuse to enroll in Medicare.

So, those are the kind of the couple of rules that the majority of the questions that we get from individuals who are aging into Medicare and sometimes we are telling them you qualify for special enrollment period but the employer is telling them "I understand you qualify for that special enrollment period but you have to enroll in Medicare now" and just because the employer has less than 20 employees.

So, that is your options as an employer, depends on how many employees you have on your payroll. So, if an individual goes into Medicare, into the regional Medicare that I mentioned, hospital medical insurance and you have an employer plan, depends on how much – how many employees you have. If you have more than 20 employees and the individual enrolled in Medicare, you are primary to Medicare.

If you have less than 20 employees, then Medicare is primary to your group health plan. That is the law meaning that it is in the Social Security Act and while the employee itself has the option to say “I don’t want to be enrolled in the employer plan, I just want to be in Medicare,” the employer is not allowed to subsidize Medicare at that point and I’m going to talk a little bit about that in just a minute because that’s another part that we get a lot of questions especially from employers who, when the individual age into Medicare, and I’m talking about employers that have more than 20 employees, and they try to encourage an individual to forego their plan and go into Medicare as an exchange for some financial inducement, and again, I’m going to talk about that in just a little bit.

But I wanted to just clarify the fact that if you enroll in Medicare, the amount of employees that you have will dictate whether Medicare is going to be primary or secondary. So, usually the employees, as I mentioned before, face questions when they are aging into Medicare. First is the question about Medicare Part A and now you know that chances are that your employees that are aging into Medicare will get Medicare Part A free – or premium free.

That means that the majority of individuals when they age into Medicare, at least they will pick up the hospital insurance. And again, it’s not going to cost them anything to have that policy. If your – if you have less than 20 employees, means that Medicare hospital insurance will be primary. If you have more than 20 employees, then hospital insurance will be secondary. In either case, we usually tell an individual it doesn’t cost you anything, sign up for hospital insurance when you’re first eligible.

The question of Medicare Part B is the one that tricks everyone and that’s for the reason that I mentioned before, because you have to pay a premium and because there’s a late enrollment penalty if you signed up late. So, when it comes to the employer, keep in mind that if you have less than 20 employees, you have the ability to tell the employee “you must enroll in Medicare and our plan is going to be supplementing Medicare.”

And if they refuse to enroll in Medicare, you’re not on the obligation to stay as a primary. In other words, you can say “well, Medicare would have

paid 80 percent of your services. We only help you with as if Medicare was there with the 20 percent if you refuse to enroll in Medicare.” So, that’s the consideration with regards to Medicare Part B which is the medical insurance.

And I want to quickly mention the Medicare Part D which is prescription drugs. So, if the employer plan is offering prescription drugs, that plan is obligated by law to tell an individual every year whether that plan is as good as the Medicare plan allowing the individual to make an informed choice. If for any reason they lose that prescription drug plan through their employer, we gave them a special enrollment period to sign up for the Medicare prescription drug plan. We usually give them about two month to sign up for Medicare prescription drug plan, without a penalty.

Now once an individual enrolls in Medicare, I mentioned that section 1862 of the social security act, dictate the order of payers. In other words it’s not up to the individual or the employer plan to say I’ll be primary or secondary, but it is up to the social security act -- the Medicare law that dictate the order of payers.

So, with Medicare, there are many entities that could be paying around Medicare and one of them is an employer group health plan. Another one could be based on current employment or retirement, another one could be works man compensation that you get from your employer. Liability insurance and many other entities that could be paying around Medicare.

So I would focus mostly on how employer group health plans, works with Medicare. One of the things that I mentioned before is the rule that it is in play that you cannot as an employer discriminate against individuals that are turning 65. We get many questions from employers as well as individuals that are asking whether the employer -- they enroll in Medicare, whether the employer could help them with Medicare costs.

For example, whether the employer could tell the individual, if you enroll in Medicare, I’ll pay for your Medicare part B premium or our expenses. If you go on and enroll in Medicare and drop our employer plan, we could pay for a Medicare supplement policy on your behalf.

So I wanted to just mention a couple of examples, that's not an exhausted list of things that you could be telling an employee. But an employer could be penalized \$5,000 for each occurrence that you could tell -- that you would tell in individual with Medicare, whether it's verbally or it's in writing that they should drop their employers plan and instead go into Medicare for something. In other words you're trying to shift the cost of health insurance to the government by inducing that individual to do so in any way shape or form.

So again I wanted to clarify that this could not be done, whether verbally or in writing and it would not be permitted and again it's up to the individual to drop the employer plan. But if they do so the employer will not be permitted that individual in any way if they decide to drop their employer plan.

I wanted to call this to your attention because this is one of the most kind of frequently asked questions that individual and employers ask, when the individual turns 65 and become eligible for Medicare. If an individual is 65 and enrolled in Medicare, again the order of payers will be determined on the quantity of employees that you have. The rule of thumb is, if you have less than 20 employees, Medicare would be your primary health insurance.

If you have more than 20 employees, then you will be the primary health insurance and there is no way around that rule. Now for employers that employ individuals with certain disability. If the employer has less than 100 employees, Medicare is the primary health insurance. If they have more than 100, then the employer is the primary payer. So, that is the rule of thumb for both individual's 65 years of age and over and those who are enrolling Medicare because of certain disability.

We could certainly allocate another presentation to talk in more detail about coordination and the other group of Medicare. But again I just wanted to give you a quick kind of run through how the order of payers work with regards to Medicare and the things that you can or cannot do when the individual age into Medicare. So with that I'll pass that back to the Operator and I'll be happy to take any questions if you have any.

Operator: As a reminder ladies and gentlemen, if you would like to ask a question, please press “star” then the number “one” on your telephone keypad. If you would like to withdraw your question, press the “pound” key.

Your first question comes from the line of Will Heavin from Heavin Insurance agency. Your line is open.

Will Heavin: Yes sir. Thank you very much for that excellent explanation of Medicare. And I do have just one question and I certainly understand your point about not enticing or inducing, so to speak an employee to get off the group health plan to enroll in Medicare. But my question specifically is that, could the employer pay for a Medicare supplement for that employee instead of the group health plan? Not as an inducement, but simply trying to be fair so to speak?

David Santana: Right, great questions. And, again as I mentioned the individual itself is free to choose. So in other words you are an employer and you have more than 20 employees the individual that you have on your plan is free to choose whether they will drop that employer plan or stay there and enroll in Medicare. They could certainly say when they turn 65; I’m going in to Medicare on their own. They could say I’m going into Medicare and I’m going to buy a supplemental plan and the employer say, well that’s great. I -- we could help with your supplemental plan premium.

That is against the law. So again, the individual is free to choose, but if they choose to drop that employer plan, the employer is prohibited from helping that individual in any way shape or form.

Will Heavin: So they could not pay that premium then.

David Santana: They could not pay that premium no.

Will Heavin: OK, I understand. I understand.

Operator: There are no further questions at this time.

Felicia Verrett: Thank you everyone for joining us for our first installment of the employer's open door forum. I would like to thank our speakers. The next employer forum will take place on Tuesday May 2 at 2:00 p.m. and we thank you for having participating and you're great questions. Our dates are subject to change so please keep looking at our webpage on the Employers Open -- I'm sorry on the Open Door Forum page at Centers for Medicare and Medicaid Services.

Operator: Thank you for participating in today's Employer Open Door Forum conference call. This call will be available for replay beginning at 5 pm eastern standard time today, January 10, 2017 through midnight on January 12. The conference ID for the number for the replay is 56381586. Then number to dial for the replay is (855) 859-2056.

This concludes today's conference call. You may now disconnect.

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