

# Frequently Asked Questions Regarding Medicare and the Marketplace

## June 18, 2013

This document is a compilation of the most frequently asked questions (FAQs) regarding the intersection of Medicare and the Marketplace. Unless otherwise noted, these FAQs have been cleared for use in response to public inquiries.

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### **A. General Enrollment FAQs**

#### ***A.1. Can individuals who have Medicare enroll in coverage through the Individual Marketplace?***

No. Consistent with the longstanding prohibitions on the sale and issuance of duplicate coverage to Medicare beneficiaries (section 1882(d) of the Social Security Act), it is illegal to knowingly sell or issue an Individual Marketplace Qualified Health Plan to a Medicare beneficiary. This prohibition does not apply in the SHOP market.

#### ***A.2. Can Medicare beneficiaries whose employer purchases insurance coverage through the SHOP be enrolled in a SHOP Qualified Health Plan?***

Yes, Medicare beneficiaries whose employers purchase SHOP coverage are treated the same as any other person with employer Group Health Plan coverage. The statute prohibits the sale or issuance of duplicate coverage to an individual with Medicare, but employer-sponsored coverage is explicitly exempted from this prohibition. SHOP coverage is sold to the employer. Note that for Medicare beneficiaries who are active employees and are enrolled in SHOP coverage, the Medicare Secondary Payer rules, which govern the coordination of benefits between Medicare and the employer coverage, apply to employers with 20 or more employees.

#### ***A.3. Does the prohibition apply to selling or issuing coverage to someone eligible for Medicare but not yet signed up?***

No. It does not apply to selling or issuing coverage to someone who is not enrolled in either Medicare Part A or Part B.

#### ***A.4. Do beneficiaries with Part B only meet the Affordable Care Act's requirement to maintain Minimum Essential Coverage?***

Medicare Part B alone does not constitute Minimum Essential Coverage.

#### ***A.5. Does it make any difference to the Affordable Care Act's requirement to maintain Minimum Essential Coverage if an individual with Part B only is required to pay the Income Related Monthly Adjustment Amount for Part B?***

No, the same principles apply.

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### ***A.6. The Individual Marketplace Qualified Health Plans (QHPs) may be cheaper than Medicare for individuals who have to pay a premium for Part A. Can someone with Premium Part A drop Medicare and enroll in the Individual Marketplace?***

Yes. Individuals who are not eligible to get Medicare Part A for free may drop both their Premium Part A and their Part B coverage (or choose not to enroll when first eligible). An individual who does not have Medicare (either Part A or Part B) can enroll in an QHP. Note that individuals who get free Part A cannot drop it without dropping their retiree benefits (social security or railroad retirement) and paying back all retirement benefits received and costs incurred by the Medicare program as well.

Before making this choice, there are 2 important points for individuals to consider:

- Individuals who do not enroll in Medicare when first eligible (during their initial enrollment period) may have to pay late enrollment penalties if they later apply for both Premium Part A and Part B.
- In addition, individuals who enroll after their initial enrollment period ends can enroll in Medicare only during the Medicare general enrollment period (from January 1 to March 31) and coverage does not begin until July of that year.

### ***A.7. Can a Medicare beneficiary purchase a stand-alone dental plan through the Individual Marketplace?***

Even though Medicare does not provide dental coverage, and therefore a stand-alone dental plan would not duplicate Medicare benefits, the Federally-facilitated Marketplaces (FFMs) require that individuals buy a comprehensive medical Qualified Health Plan (QHP) before they can purchase a separate dental plan. Because it is illegal to sell or issue a comprehensive medical QHP to a Medicare beneficiary, Medicare beneficiaries cannot currently buy a stand-alone dental plan for through the FFMs. Nothing in federal law prohibits issuers from generally selling or issuing stand-alone dental plans through State Based Marketplaces that can support this functionality, or outside the Marketplaces.

### ***A.8. If you have coverage in an Individual Marketplace Qualified Health Plan (QHP) and later enroll in Medicare, can you keep your Marketplace coverage?***

Yes. The prohibition applies to the sale or issuance of a (QHP) to a Medicare beneficiary. It does not require an individual who was not a Medicare beneficiary when the QHP was purchased to drop coverage when he or she becomes a Medicare beneficiary.

Once Medicare Part A coverage begins, however, any premium tax credits and reduced cost-sharing the individual receives through the Marketplace will be discontinued.

See the chart below for details.

**Chart A: Maintaining Enrollment in an Individual Marketplace Qualified Health Plan (QHP) Once Medicare Coverage Begins**

If you are:	Can you keep your Individual Marketplace QHP after enrolling in Medicare?	Are you eligible to continue receiving tax credits and reduced cost-sharing?
Currently enrolled in a QHP and become entitled	Yes	No. Any tax credits the individual is receiving in the QHP will be

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If you are:	Can you keep your Individual Marketplace QHP after enrolling in Medicare?	Are you eligible to continue receiving tax credits and reduced cost-sharing?
to free Part A		discontinued once Part A coverage begins.
Currently enrolled in a QHP and become eligible to buy Premium Part A and Part B	Yes	Yes, if you only enroll in Part B, because Part B does not constitute Minimum Essential Coverage. No, if you enroll in Premium Part A.

***A.9. Will individuals enrolled in an Individual Marketplace Qualified Health Plan (QHP) be subject to the Part B or Premium Part A late enrollment penalty if they delay enrollment into Medicare?***

Yes. Individuals who do not enroll in Medicare during their Initial Enrollment Period (either for Part B or Premium Part A) will only be able to enroll in Medicare during the Medicare General Enrollment Period and may be subject to the late enrollment penalties.

***A.10. Can Medicare beneficiaries with coverage under SHOP plans delay enrollment in Medicare Part B without penalty?***

Yes. A Medicare beneficiary who is enrolled in employer purchased SHOP coverage is treated the same as any other person with employer group health plan coverage.

Individuals can delay enrollment if they are covered under a group health plan based on their or their spouse's current employment. These individuals have a special enrollment period to sign up for Part B without penalty:

- Any time they are still covered by the group health plan.
- During the 8-month period that begins the month after the employment ends or the coverage ends, whichever happens first.

If the individual does not sign up during this special enrollment period, late enrollment penalties may apply, and enrollment will only be possible during the General Enrollment Period which occurs annually from January through March with coverage beginning July 1.

***A.11. Is prescription drug coverage in an Individual Marketplace or SHOP Qualified Health Plan (QHP) considered creditable prescription drug coverage for purposes of Medicare Part D?***

While prescription drug coverage is an essential health benefit, there is no requirement under the Affordable Care Act or its implementing regulations that prescription drug coverage in an Individual Marketplace or SHOP QHP be at least as good as Medicare Part D coverage, which is the general test for whether coverage is creditable. However, all private insurers offering prescription drug coverage, including Individual Marketplace and SHOP QHPs, are required to determine annually if their prescription drug coverage is

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creditable and notify CMS and their Medicare-eligible enrollees in writing of the determination.

All private insurers offering prescription drug coverage are required to notify their Medicare-eligible enrollees of the plan's creditable coverage status in writing annually prior to the start of the Medicare open enrollment period that begins on October 15, and in the following situations:

- Prior to an individual's Initial Enrollment Period for Part D;
- Prior to the effective date of enrollment in the insurer's prescription drug coverage;
- Upon any change that affects whether the coverage is creditable; and
- Upon request by the individual.

### ***A.12. Is prescription drug coverage through the Marketplace considered creditable prescription drug coverage for the purposes of determining whether an individual must pay the late enrollment penalty upon enrollment in Medicare Part D?***

While prescription drug coverage is an essential health benefit, prescription drug coverage in a Marketplace or SHOP plan isn't required to be expected to pay, on average, at least as much as Medicare's standard prescription drug coverage (creditable). All private plans offering prescription drug coverage, including Marketplace and SHOP plans, must determine if their prescription drug coverage is creditable each year and let you know in writing.

### ***A.13. If a person is enrolled in Part A and has chosen not to enroll in Part B, can that person purchase a QHP (or other individual market coverage) until their Part B is effective?***

For beneficiaries who would purchase their plan on the individual market, no. Consistent with the longstanding prohibitions on the sale and issuance of duplicate coverage to Medicare beneficiaries (section 1882(d) of the Social Security Act), it is illegal for an insurer to sell or issue to a Medicare beneficiary a QHP (or other individual market coverage) that the insurer knows would duplicate Medicare benefits. This is true even if the beneficiary has only Part A or only Part B.

This prohibition does not apply in the small group market, including plans sold through the Small Business Health Options Program (SHOP). Medicare beneficiaries whose employers purchase SHOP coverage are treated the same as any other person with employer-sponsored Group Health Plan (GHP) coverage. The statute prohibits the sale or issuance of coverage that the insurer knows duplicates Medicare benefits to an individual with Medicare, but employer-sponsored GHP coverage is explicitly exempted from this prohibition. SHOP coverage is sold to the employer. Note that for Medicare beneficiaries who are active employees and are enrolled in SHOP coverage, the Medicare Secondary Payer rules, govern the coordination of benefits between Medicare and the employer coverage.

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***A.14. If an individual is over age 65 and eligible for premium-free Part A, but is not collecting Social Security benefits and has not enrolled in either Part A or Part B, can that person purchase a QHP (or other individual market coverage)?***

Yes. If the individual is not collecting Social Security benefits, and is not covered by Medicare, then she/he is not “entitled” to Medicare Part A benefits. If the individual is also not enrolled in Part B, then the insurer would not be prohibited from issuing or selling coverage that the insurer knows would duplicate Medicare coverage to the individual. This means that she/he can purchase individual market coverage (including QHPs).

***A.15. Is purchasing a QHP (or other individual market plan), instead of enrolling in Medicare Part B, an option for individuals who fail to enroll in Part B in a timely manner and must pay a premium penalty, especially in those situations where the higher premium resulting from the penalty may be more than the individual would pay for a QHP—with or without a tax credit?***

Generally, no. If an individual already has Medicare coverage (including Part A and/or Part B coverage), consistent with the longstanding prohibitions on the sale and issuance of duplicate coverage to Medicare beneficiaries (section 1882(d) of the Social Security Act), it is illegal for an insurer to knowingly sell or issue to a Medicare beneficiary an individual market plan that the insurer knows would duplicate Medicare benefits, regardless of the cost of the Part B premium amount. An individual who does not have Medicare (neither Part A nor Part B) and who is otherwise eligible can enroll in a QHP.

An individual who does not enroll in Medicare during his or her Medicare Initial Enrollment Period (either for Part B or Premium Part A) will only be able to enroll in Medicare during the Medicare General Enrollment Period, and may be subject to the late enrollment penalties if he or she chooses to enroll later.

***A.16. A Qualified Health Plan (QHP) may be cheaper than Medicare for individuals who get Part A for free but have to pay a late enrollment penalty or Income-Related Monthly Adjustment Amount (IRMAA) for Part B. Can someone with free Part A drop Medicare and enroll in a QHP?***

Generally, no. Individuals generally can choose to stop Medicare coverage only if they’re paying a premium for Part A or have only Part B. Individuals with free Part A can’t drop Medicare without also dropping their retiree benefits (Social Security or Railroad retirement) and paying back all retirement or disability benefits they received and all costs spent for their care by the Medicare program.

Before making this choice, there are two important points for individuals to consider: Individuals who do not enroll in Medicare when first eligible (during their Medicare Initial Enrollment Period) may have to pay late enrollment penalties if they later apply for both Premium Part A and Part B.

In addition, individuals who enroll after their Medicare Initial Enrollment Period ends can enroll in Medicare only during the Medicare General Enrollment Period (from January 1 to March 31) for coverage that begins on July 1 of that year.

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## **B. ESRD**

### ***B.1. Are Individuals with ESRD required to sign up for Medicare?***

No. Individuals with ESRD are not required to sign up for Medicare; it is voluntary. In order to get Medicare coverage, the individual must meet the necessary eligibility requirement and apply. If you don't apply, you do not get Medicare coverage.

### ***B.2. Are individuals with ESRD who do not have Medicare coverage eligible to enroll in a Marketplace Qualified Health Plan (QHP)?***

Individuals with ESRD who do not have either Medicare Part A or Part B are eligible to enroll in individual market coverage because the Medicare anti-duplication statute does not apply; therefore, individual market guaranteed issue rights apply under the ACA. In order to enroll in a QHP through the Marketplace, the individual must meet the eligibility requirements for enrollment (i.e., criteria related to citizenship, lawful presence, incarceration, and residency).

### ***B.3. Are individuals with ESRD who do not have Medicare coverage eligible for the health care Premium Tax Credit?***

An individual may be eligible for the health care Premium Tax Credit if he or she is not eligible for minimum essential coverage, as outlined in the IRS Notice 2013-41 at the following web link: <http://www.irs.gov/pub/irs-drop/n-13-41.pdf>

However, individuals will lose their eligibility for the health care Premium Tax Credit when coverage in Medicare Part A begins.

### ***B.4. Can beneficiaries who currently have Medicare coverage due to ESRD opt out of or disenroll from Medicare?***

Generally, no. Following the application for Medicare, the law provides that Medicare coverage ends one year after the termination of regular dialysis or 36 months after a successful kidney transplant. However, a beneficiary may withdraw their original Medicare application. The individual is required to repay all costs covered by Medicare, pay any outstanding balances, and refund any benefits received from the SSA or RRB. Once all repayments have been made, the withdrawal can be processed as though the individual was never enrolled in Medicare at all (i.e., retroactively).

### ***B.5. Is there a mechanism for individuals to cancel ESRD Medicare enrollment if applications are initiated on their behalf without complete information about their options for QHPs?***

A dialysis facility or attending physician may not complete an application for Medicare entitlement on behalf of the beneficiary. While these providers may submit the medical evidence form for an individual applying for Medicare based on ESRD, the individual must also contact the Social Security Administration (SSA) to complete the Medicare application.

If an individual wants to enroll in a QHP after the medical evidence form is submitted by the provider, the individual can choose to not complete his or her application for



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Medicare. If the individual has Medicare currently based on ESRD, he or she may withdraw their original Medicare application. The individual is required to repay all costs covered by Medicare, pay any outstanding balances, and refund any benefits received from the SSA or RRB. Once all repayments have been made, the withdrawal can be processed as though the individual was never enrolled in Medicare at all (i.e., retroactively).

### ***B.6. Please clarify whether individuals with ESRD who are currently enrolled in Medicare based on ESRD can disenroll from both Part A and Part B. If yes, please specify the requirements for doing so and the potential ramifications of this choice.***

Generally, individuals with ESRD who are currently enrolled in Medicare based on ESRD cannot disenroll prospectively. Following the application for Medicare, the law provides that Medicare coverage ends one year after the termination of regular dialysis or 36 months after a successful kidney transplant. However, a beneficiary may withdraw their original Medicare application. The individual is required to repay all costs covered by Medicare, pay any outstanding balances, and refund any benefits received from the SSA or RRB. Once all repayments have been made, the withdrawal can be processed as though the individual was never enrolled in Medicare at all (i.e., retroactively).

## **C. Consumer Messaging**

### ***C.1. What is the message to Medicare beneficiaries who have questions about how the Marketplace affects them?***

Medicare isn't part of the Health Insurance Marketplace. If you have Medicare, you are covered, and do not need to do anything about the Marketplace.

The Marketplace won't affect your Medicare choices and benefits. No matter how you get Medicare, whether through Original Medicare or a Medicare Advantage Plan, you won't have to make any changes.

### ***C.2. What do Medicare beneficiaries need to know about Medicare and the Individual Marketplace?***

Individuals with Medicare need to know that if they have Medicare, an Individual Marketplace plan is not appropriate for them. If individuals want coverage designed to supplement Medicare, they can visit Medicare.gov to learn more about Medigap policies. They can also visit Medicare.gov to learn more about other Medicare options, like Medicare Advantage Plans.

### ***C.3. I want to purchase health insurance through the Marketplace. What if I have Medicare?***

Medicare isn't part of the Health Insurance Marketplace, so you don't need to do anything. If you have Medicare, you're considered covered. The Marketplace won't affect your Medicare choices or benefits. No matter how you get Medicare, whether through Original Medicare or a Medicare Advantage Plan (like an HMO or PPO), you won't have to make any changes. Note: The Marketplace doesn't offer Medicare supplement (Medigap) insurance or Part D drug plans.

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### ***C.4. Can I get a Marketplace plan in addition to Medicare?***

No. It's against the law for someone who knows that you have Medicare to sell or issue you a Marketplace policy. This is true even if you have only Medicare Part A or only Part B. If you want coverage designed to supplement Medicare, you can find out more about Medigap policies. You can also learn about other Medicare options, like Medicare Advantage Plans. For prescription drug coverage, you can buy a Medicare Part D drug plan.

### ***C.5. Can I choose Marketplace coverage instead of Medicare?***

Generally, no. It's against the law for someone who knows you have Medicare to sell you a Marketplace plan. But there are a few situations where you can choose a Marketplace private health plan instead of Medicare:

- If you're paying a premium for Part A. In this case you can drop your Part A and Part B coverage and get a Marketplace plan instead.
- If you're eligible for Medicare but haven't enrolled in it. This could be because:
  - You'd have to pay a premium
  - You have a medical condition that qualifies you for Medicare, like end-stage renal disease (ESRD), but haven't applied for Medicare coverage
  - You're not collecting Social Security retirement or disability benefits before you're eligible for Medicare

If you're getting Social Security retirement or disability benefits before you're eligible for Medicare, you'll automatically be enrolled in Medicare once you're eligible. Before choosing a Marketplace plan over Medicare, there are 2 important points to consider:

- If you enroll in Medicare after your initial enrollment period ends, you may have to pay a late enrollment penalty for as long as you have Medicare.
- Generally you can enroll in Medicare only during the Medicare general enrollment period (from January 1 to March 31 each year). Your coverage won't start until July. This may cause a gap in your coverage.

### ***C.6. If I'm getting Medicare Part A for free, can I drop Medicare to enroll in a Marketplace plan?***

Generally, no. You can choose to have your Medicare stop only if you're paying a premium for Part A or have only Part B. If you get Part A for free, you can't drop Medicare without also dropping your retiree or disability benefits (Social Security or railroad retirement) and paying back all retirement or disability benefits you've received and all costs spent for your care by the Medicare program. Before making this choice, there are 2 important points to consider:

- If you enroll in Medicare after your initial enrollment period ends, you may have to pay a late enrollment penalty for as long as you have Medicare.
- Generally you can enroll in Medicare only during the Medicare general enrollment period (from January 1 to March 31 each year). Your coverage won't start until July. This may cause a gap in your coverage.

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### ***C.7. I have coverage through an Individual Marketplace Qualified Health Plan (QHP) and then I enroll in Medicare. Once my coverage in Medicare starts, can the QHP disenroll me?***

No, issuers may not terminate enrollees whom they subsequently find to be eligible for or enrolled in Medicare.

### ***C.8. Can an issuer disenroll someone if they learn an individual is a Medicare beneficiary prior to the individual's coverage effective date?***

The issuer should cancel the enrollment ONLY if they learn that someone who applied for coverage currently has Medicare. That is, the start dates for the individual's Part A and/or Part B have passed. However, if an applicant's Medicare coverage has not started yet, then the issuers must guarantee issue.

### ***C.9. What if I have only Medicare Part B?***

If you have only Medicare Part B, you are not considered to have minimum essential coverage. This means you may have to pay the penalty that people who don't have coverage may have to pay. If you have Medicare Part A only, you are considered covered. If you have both Medicare Part A and Part B, you are also considered covered.

### ***C.10. What if I have a Marketplace plan but will be eligible for Medicare soon?***

If you have a Marketplace plan, you can keep it until your Medicare coverage starts. Then you can cancel it without penalty. If you like, you can keep your Marketplace plan too. But if you've been getting tax credits or lower out-of-pocket costs on a plan you bought through the Marketplace, these savings will end once your Medicare Part A coverage starts. You'd have to pay full price for the Marketplace plan.

Let's assume you have a Marketplace plan and are turning 65 sometime this year. Once you're eligible for Medicare, you'll have an initial enrollment period to sign up for Medicare. For most people, the initial enrollment period starts 3 months before their 65th birthday and ends 3 months after their 65th birthday. In most cases it's to your advantage to sign up for Medicare when you're first eligible because:

- Once your Medicare Part A coverage starts, you won't be able to keep any premium tax credits or lower out of pocket costs for a Marketplace plan based on your income. You'll have to pay full price for the Marketplace plan.
- If you enroll in Medicare after your initial enrollment period ends, you may have to pay a late enrollment penalty for as long as you have Medicare. In addition, you can enroll in Medicare Part B (and Part A if you have to pay a premium for it) only during the Medicare general enrollment period (from January 1 to March 31 each year). Coverage doesn't start until July of that year. This may create a gap in your coverage.

If you want coverage to supplement Medicare, you can get Medicare supplement (Medigap) insurance. For prescription drug coverage, you can buy a Medicare Part D drug plan. You can learn about other Medicare options, like Medicare Advantage Plans.

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Once your Medicare coverage starts, you can cancel your Marketplace health plan without penalty. You can do this by contacting the Marketplace call center or cancelling your coverage online. If you have Medicare coverage, you're considered covered under the health care law. You won't have to pay the fee that some people without insurance must pay. Be sure not to cancel your Marketplace plan before your Medicare coverage begins. Otherwise you may have a gap in coverage.

### **D. Internal to CMS Only**

### **E. Coordination of Benefits Policy**

#### ***E.1. If someone is enrolled in both Medicare and an Individual Marketplace Qualified Health Plan (QHP), will there be coordination of benefits?***

If someone is enrolled in both Medicare and an Individual Marketplace QHP, Medicare is the primary payer. Medicare does not provide coordination of benefits.

#### ***E.2. Will Coordination of Benefits apply to someone who is enrolled in Medicare and a SHOP Qualified Health Plan (QHP)?***

Medicare beneficiaries whose employer purchases SHOP coverage are treated the same as any other person with employer coverage. If the employer has 20 or more employees, the employer-provided health insurance will be primary for a Medicare beneficiary who is covered through active employment.

#### ***E.3. What do employers participating in SHOP need to know about the Medicare Secondary Payer rules?***

An employer participating in SHOP will be impacted by the Medicare Secondary Payer (MSP) rules if the employer has 20 or more employees, and any of its employees are Medicare beneficiaries. When offering insurance coverage to its employees, the employer cannot "take Medicare into account" when determining if an individual is eligible for enrollment in the employer-sponsored plan. This means that the employer can't exclude the individual's opportunity to participate in the employer-sponsored Group Health Plan coverage on the basis that the employee is a Medicare beneficiary.

#### ***E.4. What do SHOP Qualified Health Plans (QHPs) need to know about the Medicare Secondary Payer rules?***

If the employer has 20 or more employees, the SHOP QHP insurer will be required to participate in the Medicare program's "Section 111 Group Health Plan Reporting" program, which is mandated by applicable Medicare Secondary Payer (MSP) regulations. Insurers under these circumstances will be required to register with CMS' Medicare Secondary Payer Coordination of Benefits Contractor and report its coverage of the working people with Medicare to CMS under the MSP reporting requirements.

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### ***E.5. Will SHOP plans be required to inform beneficiaries of any benefit coordination?***

Yes. SHOP insurers are required to notify their enrollees of the coordination of benefits between Medicare and the employer coverage.

### ***E.6. Will Marketplace coverage purchased prior to an individual enrolled in and/or entitled to Medicare affect that individual's eligibility for the Medicare Part D Low-Income Subsidy (LIS) program?***

Having Marketplace coverage is not a factor in determining whether or a beneficiary is eligible for the Low-Income Subsidy (LIS) program.

## **F. Enrollment Operations:**

### ***F.1. Does the FFM application screen for Medicare enrollment?***

The FFM application verifies enrollment in Medicare for individuals who have requested financial assistance. However, the FFM systems are not currently set up to prevent Medicare beneficiaries from enrolling in a Qualified Health Plan.

### ***F.2. Will the Marketplace add a note to the Individual Marketplace paper application telling people not to apply if they have Medicare?***

Specific Medicare messaging isn't included in the online or paper applications; however, in the 2014 Medicare & You Handbook, the Medicare call center, Medicare.gov, and HealthCare.gov, we have reassured beneficiaries that they are covered, their Medicare benefits aren't changing, and the Marketplace doesn't require them to do anything differently. In our public messaging, individuals are informed that Medicare isn't part of the Health Insurance Marketplace. If you have Medicare, you are covered, and do not need to do anything about the Marketplace. The Marketplace won't affect your Medicare choices, and your benefits won't be changing. No matter how you get Medicare, whether through Original Medicare or a Medicare Advantage Plan, you'll still have the same benefits and security you have now. You won't have to make any changes.