



COBRA Coverage for Employees who are or will become Medicare Eligible after termination from DSM.

If an employee is over age 65 and Medicare eligible at time of termination, it is important to note:

- Starting with the last day of employment, Medicare will pay primary and COBRA will pay secondary. If Medicare coverage is not in place, at the time of termination, then there would be no primary insurance. What this means is if a claim was incurred, Medicare would process the claim as if there was no medical coverage in place, even if COBRA coverage is available.
- Eligible employees have up to 8 months after employment ends or their active group health plan insurance based on current employment ends, whichever happens first, to enroll in Part B. COBRA health plans aren't considered coverage based on current employment therefore enrollment into Medicare must be initiated upon termination of employment, not at the end of COBRA coverage.
- The enrollment process, into Medicare Part B, can be initiated as soon as an employee is notified of their termination date, even if they will continue to work for a period of time. This will allow, in most cases, for Medicare to be in place on the last day of employment.
- If you don't sign up for Medicare Parts A and/or B when you are first eligible, you can sign up during the General Enrollment Period between January 1 and March 31 each year. If you enroll during the general enrollment period coverage will not start until July 1 (regardless of when you first became eligible) and you may have to pay a higher premium for late enrollment into Medicare.
- If you decide to enroll in both Medicare and COBRA you will be responsible for paying both your Medicare Part B and COBRA monthly premiums. If the company subsidizes the COBRA premium, for a period of time, you will be responsible for the monthly COBRA premiums beginning with the month following the end of the subsidized coverage.

If an employee turns 65 after their termination of employment, it is important to note:

- When an employee first becomes eligible for Medicare, there is a 7-month Initial Enrollment period to sign up for Parts A and/or B. This 7-month timeframe begins 3 months before the month turning age 65, includes the month in which they turn age 65, and ends 3 months after the month they turn age 65.
- If enrolled in COBRA coverage and you turn age 65 then medical coverage through COBRA may end. COBRA coverage may be maintained for extra benefits like prescription drug (if the Company does not offer creditable prescription drug coverage) or dental coverage, but not for medical coverage.
- DSM's prescription drug coverage offered under COBRA is considered creditable; therefore, enrollment in the Medicare Part D drug plan can be delayed, without penalty, to the end of the COBRA enrollment period.
- Eligible employees have up to 63 days, from the date COBRA coverage ends, to enroll in the Medicare Part D drug plan. If enrollment is not completed within 63 days a penalty can be assessed for the amount of time you were eligible but didn't join a Medicare Prescription Drug Plan. Please note that the cost of coverage changes annually therefore if you are required to pay a penalty for delayed enrollment, the penalty will also increase annually.

***In both scenarios, family members who are enrolled in COBRA through the former employee's plan may be able to continue their COBRA coverage for the authorized period of time, even after the employee becomes eligible for Medicare.**

***For additional information or if you need assistance in enrolling you can contact Medicare directly at 1-800-MEDICARE (1-800-633-4227) or visit www.Medicare.gov.**