

DSM Plan Coordination with Medicare - Frequently Asked Questions (FAQ)

Below are Frequently Asked Questions (FAQ) to help answer questions you may have regarding Medicare enrollment and your DSM benefits. Medicare contact information is also included.

Coordination with Medicare

Federal rules govern coordination of benefits with Medicare. As long as you are active with DSM and eligible for benefits, your DSM medical coverage will be your primary payor and you do not need to enroll for Medicare now. In most cases, Medicare is secondary to a plan that covers an eligible person who is in current employment status, such as an active employee or dependent of an active employee. Medicare is primary in most other circumstances.

Frequently Asked Questions (FAQ):

Q.) When can you sign up for Medicare?

A.) 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.

Q.) Do you have to sign up for Medicare when you are age 65 if you are still an active employee? If you do not enroll when you turn age 65 and are still an active employee, is there another opportunity to enroll and what restrictions or penalties may apply?

A.) Generally, if you are still working you can delay signing up for Medicare even though you turned age 65. For more information, see the Medicare publication regarding Medicare Enrollment on the Medicare site at: <https://www.medicare.gov/publications>

Q.) What is the difference between Medicare Part's A, B, C and D?

A.) To learn more about the Medicare options, visit: <http://www.medicare.gov>

Q.) If you are an active DSM employee, do you need to elect Part B? What are the Pros and Cons of doing so?

A.) No, you can delay enrolling in Part B until your active coverage ends and you won't have a Part B premium surcharge for late enrollment. If you sign up while still covered by the active employer plan, you would be paying for Part B but only getting the benefit on a secondary basis. For more information, see the Medicare publication regarding Medicare Enrollment on the Medicare site at: <https://www.medicare.gov/publications>

Q.) If you enroll in Medicare now, is it possible that you will not receive any benefits from Medicare if DSM's plan is better?

A.) Yes.

Q.) When Can You Join a Medicare Drug Plan?

A.) You can join a Medicare drug plan when you first become eligible for Medicare and each year from October 15th through December 7th. If you are considering joining, you should compare the DSM coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area.

Q.) What Happens to your Current Coverage if you Decide to Join a Medicare Drug Plan?

A.) Your coverage as an employee, or dependent coverage (including that of a spouse/domestic partner) of an active employee, will not be affected if you or your Medicare-eligible dependent enrolls in a Medicare prescription drug plan. However, if you and/or your dependent drop coverage with DSM and enroll in a Medicare prescription drug plan, you and/or your dependent will not be able to re-enroll for medical and prescription drug coverage until the next annual enrollment period, or upon a qualifying life event for which enrollment is permitted, if earlier (and only if you (or dependent, as applicable) are eligible for coverage at the time your reenrollment would be effective). Also, DSM coverage pays for medical expenses, in addition to prescription drugs, and if you choose to drop prescription drug coverage from DSM you must also drop your medical coverage.

Q.) If you leave DSM, what penalties and restrictions will be applied if you do not enroll in Medicare soon after your employment ends?

A.) If you don't timely enroll in Part B, then you will pay a 10% premium surcharge for every year that you don't have coverage and delay signing up for Part B. Also, you would have to enroll in the general enrollment period (Jan - Mar.) with coverage becoming effective in July.

Q.) When Will You Pay a Higher Premium (Penalty) to Join a Medicare Drug Plan?

A.) If you drop or lose your current DSM coverage and do not join a Medicare drug plan within 63 continuous days after your DSM coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later. If you go 63 continuous days or longer without creditable prescription drug coverage, your monthly premium may go up by at least 1% of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go nineteen months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to join.

Q.) How will Medicare work with COBRA coverage after I terminate?

A.) 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 of January 1–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.

Q.) What if I turn age 65 while enrolled in COBRA?

A.) If enrolled in COBRA coverage and you turn age 65, then medical coverage through COBRA may end. COBRA coverage may be maintained for other benefits such as 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.

Q.) What if I have a disability?

A.) For participants age 65 or older or those participants who are eligible for Medicare due to a disability, the DSM Medical Plan coordinates with Medicare Parts A and B (hospital, physician and other medical coverage), with Medicare being the primary payor. This means that regardless of whether you or your Medicare eligible dependents are enrolled for Medicare Parts A and/or B, the DSM Medical Plan assumes you have elected Part A and Part B Medicare coverage when it coordinates benefits between the two plans. Consequently, your DSM Medical Plan benefits will be reduced to reflect whatever Medicare would have paid had you elected full Medicare coverage, and you will be responsible for paying what Medicare would have paid.

Medicare Contact Info

Medicare Website: <http://www.medicare.gov>

Medicare Phone #: 1-800-MEDICARE (1-800-633-4227)