

# Retiree – Medical Benefit Changes & Medicare Requirement FAQs

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# Retiree – Medical Benefit Changes & Medicare Requirement FAQs

## City Of Chandler Policy Changes

*Please note this document is informational only. Please consult with your tax advisor, Social Security, or Centers for Medicare and Medicaid Services for authoritative advice.*

### **1. What is changing?**

Effective January 1, 2024, retirees and their dependents who become eligible for Medicare are required to enroll at the time of eligibility.

### **2. What will be the City of Chandlers responsibility and notification process?**

The City of Chandler will send a courtesy notification three (3) months prior to retiree or their dependents 65<sup>th</sup> birthday reminding them of the enrollment requirements. Please note it is your responsibility to meet Medicare deadlines in the event the notification is not received.

Retirees have 31 calendar days from the date of retiree or dependents 65<sup>th</sup> birthday to provide the city with the necessary documentation confirming their Medicare enrollment.

### **3. What will be the retiree's responsibility and notification process?**

Retirees have 31 calendar days from the date of the retiree or dependents 65<sup>th</sup> birthday to provide the city with the necessary documentation confirming their Medicare enrollment. Acceptable documents include a copy of the Medicare card or the Social Security Benefit Verification letter which can be found at <https://www.ssa.gov/manage-benefits/get-benefit-letter> Failure to provide documentation within the required timeline could result in loss of coverage.

### **4. When do I need to inform the city that my dependents or I are enrolled in Medicare?**

Retirees will need to provide the city with required documentation showing their or their dependent Medicare enrollment within 31 calendar days of their or their dependents 65<sup>th</sup> birthday.

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## **5. What happens if retirees do not enroll or fail to notify the city of their enrollment?**

If retirees fail to enroll in Medicare at the time they or their dependent become eligible or fail to notify the city of their enrollment, their City of Chandler medical plan will be cancelled effective the first of the month following the retiree or dependents 65<sup>th</sup> birthday with no ability to re-enter the city plan.

If the retiree's spouse becomes eligible for Medicare and fails to enroll or notify the city, the retiree's medical plan level of coverage will be changed removing the Medicare eligible dependent and the dependent will not have the ability to enroll in the city's plan in the future.

## **6. When can retirees cancel the City's medical plan or make changes?**

There are two ways to make changes to your plan, during open enrollment or due to mid-year/special enrollment change. Becoming eligible for Medicare is considered a mid-year/special enrollment change. Retirees have 31 calendar days from the date retiree or dependent becomes eligible for Medicare (31 days from the 65<sup>th</sup> birthday) to notify the city and make changes to the plan.

During a mid-year/special enrollment, retirees can drop, change, or continue their City of Chandler medical coverage. Retirees can cancel their coverage at any time by submitting a written request.

## **7. Can I remain on the city medical plan after I enroll in Medicare?**

Yes, retirees can keep the City of Chandler medical plan and continue to pay their monthly premiums as normal. The City of Chandler plan will become secondary and will pay after Medicare. Additional options for Medicare supplemental plans are available through the Arizona State Retirement System (ASRS) benefit plans, you can visit their website at

<https://www.azasrs.gov/content/medicare-plans>

Please visit the Medicare page for more information regarding Coordination of Benefits. <https://www.medicare.gov/supplements-other-insurance/how-medicare-works-with-other-insurance>

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### **8. What if I am eligible for Medicare but my spouse is not? Or if my spouse is eligible for Medicare and the retiree is not?**

Both the retiree and/or dependent will be required to enroll in Medicare at their time of eligibility. Even though the retiree's spouse is not eligible for Medicare yet, the retiree will still be required to enroll in Medicare and the retiree can keep the city medical plan. Once the dependent becomes eligible for Medicare, they will also need to enroll and send the necessary documentation to Human Resources. At that time, the retiree can choose to stay in the city's medical plan or drop it, as it will be considered a mid-year/special enrollment change.

### **9. What happens if I am enrolled in Medicare and return to work for the City of Chandler in a benefit eligible position?**

When you return to work for the City of Chandler in a benefit eligible position you will be considered an active employee. At this time, it will be up to you to review your plan options so you can decide what is best for you.

Some options are:

1. You can keep your Medicare coverage and decline the city benefits coverage.
2. If you decide to enroll in the City's plan, you can contact social security and temporary decline Part B. Due to Medicare and IRS guidelines, keep in mind if you enroll in the City's white plan (HDHP), you will not be able to contribute to an HSA account. When you are getting ready to leave the City, you will have to re-start the enrollment process in Part B again and re-enroll three (3) months prior to leaving the city employment.

Please consult with a tax advisor and a Medicare expert if you have any questions or need assistance deciding what is best for you.

## **Medicare Requirements**

Enrolling in Medicare while preparing for retirement or even if already retired can be a complex process, and many people have questions about how it works. This guide is for informational purposes only, please consult a Medicare expert or visit the Medicare website for guidance for your individual situation. Here are some frequently asked questions:

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## **1. When am I or my dependent eligible for Medicare?**

Generally, eligibility for Medicare is at age 65 or older, but eligibility can vary based on other circumstances, such as disability.

## **2. What are the different parts of Medicare and what do they cover?**

There are four parts to Medicare:

- Part A hospital coverage
- Part B medical coverage
- Part C Medicare Advantage (Private Non-governmental)
- Part D Prescription Drug Coverage

Medigap also known as Medicare Supplement, which helps to cover your out-of-pocket cost.

## **3. As a retiree, when should I apply for Medicare to avoid penalties?**

Three months before your 65th birthday, you apply through the Social Security online website <https://www.ssa.gov/medicare/sign-up> or call the Social Security office 800 772-1213 (TTY: 800 325-0778.)

## **4. Which plan am I required to enroll when I become eligible (commonly at age 65)?**

You will need to enroll in Medicare both Part A and B. Part D is optional if you have other creditable prescription drug coverage. If you lose your creditable prescription coverage and did not enroll in Part D at time of eligibility, you will be subject to lifetime penalties.

## **5. Are there any penalties if I do not enroll in Medicare Part B and D when I become eligible?**

Yes, as a retiree turning 65 you have a seven-month window to enroll without penalty. Three months before your 65<sup>th</sup> birth month and three months after. If you miss this window, you will have a lifetime penalty of 10% every twelve months from when you were first eligible and did not enroll. Part D has a 1% penalty of the national average prescriptions drug premium every month from when you were first eligible enroll.

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If you are over the age 65 and leaving group benefits (for example you are an active employee and retire after age 65) you have up to eight months to enroll in Part B without penalty, but it is recommended to enroll the first three months before your retirement date to avoid any gaps of coverage. Part D you have 63 days from loss of group coverage to enroll without penalty.

## **6. As a retiree, do I need Medicare Part D (prescription drug coverage)?**

Medicare Part D is prescription drug coverage. If you chose to stay in the City of Chandler's medical plan after enrolling in Medicare Part A and B, you do not need to enroll in Part D, as the City's drug coverage is considered credible.

If you chose to drop the City's medical plan, you have 63 calendar days from the day of loss of coverage to enroll in Part D without penalties or any other creditable prescription drug coverage.

## **7. Can I keep my COBRA and Medicare coverage?**

Yes, you can keep both COBRA and Medicare. You need to sign up for Medicare Part A and Part B if you are 65 or older, even if you chose to continue your coverage through the City of Chandler medical plan through COBRA. If you do not enroll in Medicare when you become eligible, you can end up with lifetime late enrollment penalties and coverage gaps.

## **8. When is COBRA offered?**

COBRA coverage is offered if you are an active employee and leave employment prior to retirement or elect not to remain on the city plan at the time of retirement.

## **9. How long can I stay in COBRA?**

COBRA coverage generally is offered for 18 months or 36 months in some cases. COBRA can also cover dependents who are not Medicare eligible.

## **10. When I enroll in Medicare, who pays first?**

Medicare will be your primary coverage and the City of Chandler Medical plan or COBRA becomes secondary.

Please visit the Medicare page for more information regarding Coordination of Benefits. <https://www.medicare.gov/supplements-other-insurance/how-medicare-works-with-other-insurance>

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## 11. How much does Medicare cost?

- Medicare Part A is hospital coverage. For people who have worked and paid Medicare taxes for 40 quarters (about 10 years), there is generally no monthly premium cost for Medicare Part A.
- Medicare Part B is medical coverage. Part B has a standard monthly premium which can vary from year to year. In 2023, the standard premium is \$164.90 per month, but this can also change based on your previous income. Social Security looks at your IRS tax returns two years back to determine your premium cost. Higher income earners may be subject to Income Related Monthly Adjusted Amount (IRMAA) where they pay more than the standard premium rate. Rates are set by Medicare, not the City of Chandler, and subject to change.

For additional information, please visit the City of Chandler benefit page at [www.chandleraz.gov/benefits](http://www.chandleraz.gov/benefits).

You can also contact us at 480-782-5126 or at [retiree.benefits@chandleraz.gov](mailto:retiree.benefits@chandleraz.gov)

Medicare: <https://www.medicare.gov/>

ASRS: <https://www.azasrs.gov/content/medicare-plans>

Social Security: <https://www.ssa.gov/medicare>

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