

Medicare

Coordination of Benefits FAQs



Below are some FAQs that can help you understand Apple Bank's benefit plans and how they coordinate if you are eligible for Medicare, contributing to a Health Savings Account (HSA) and eligible or enrolled in COBRA coverage.

MEDICARE COORDINATION OF BENEFITS

Q. When am I eligible for Medicare Part A?

- You are eligible if you are 65 or older and eligible for Social Security or Railroad Retirement Board (RRB) benefits.
- You have worked and paid Medicare taxes for at least 10 years or 40 quarters.
- You qualify due to disability, End-Stage Renal Disease (ESRD), or ALS.
- If you apply for Medicare Part A after turning 65, coverage can be retroactive for up to 6 months from the date you submit your application or until you turned 65, whichever is closer.

Q. I am Medicare eligible and still employed with Apple Bank's group creditable coverage. If I enroll in Medicare, which plan is primary?

- If you are still working and covered by Apple Bank's group health plan when you turn 65, you can either enroll in Medicare, or delay enrollment in Medicare Part A, B and D without penalty until your active employment ends.
- If you are covered by both Medicare and an Apple Bank plan, the employer plan will be primary, and Medicare secondary **while you are still employed**.

Q. My employment has ended, and I am being offered COBRA, should I enroll?

- If you become eligible for Medicare **after** you have enrolled in COBRA, you will no longer be eligible for medical coverage under COBRA. Your medical benefits under the Apple Bank plans will terminate as of the effective date of your Medicare coverage. You remain eligible only for dental and vision benefits under COBRA.
- If you are **already** enrolled in Medicare upon termination of employment, you are eligible to elect COBRA, however Medicare would pay primary, and COBRA would pay secondary.
- If you became eligible for Medicare while still employed, but delayed enrolling, **you must enroll** in Medicare upon termination of employment as COBRA is not considered creditable coverage. You will remain eligible **ONLY** for dental and vision coverage under COBRA. Additionally, the Apple Bank plan will act as secondary to Medicare **whether or not you are enrolled** in Medicare. Failure to enroll in Medicare in a timely manner will result in lifelong penalties and higher out of pocket costs.

Q. What if I enroll in COBRA AND am Medicare-Eligible?

- COBRA can act as secondary insurance for medical, dental and/or vision.
- If you have COBRA before you become Medicare eligible, medical benefits under COBRA will end when you enroll in Medicare. You **MUST** transition to Medicare coverage for medical if you are not already enrolled.
- **IMPORTANT! Medicare will pay first.** COBRA may cover Medicare deductibles or coinsurance **BUT**, if you are eligible but not enrolled in Medicare **ALL** claims will process **AS IF** you have Medicare and **you will be responsible for out-of-pocket costs and Medicare offsets.**

Q. What is the Special Enrollment Period (SEP) Timing?

Age 65 and Over

If you delayed Medicare due to active employment:

- Medicare Part A – retroactive for up to 6 months from the date you submit your application.
- Medicare Part B SEP – 8 months from the end of employment or employer coverage.
- Medicare Part C or D SEP - 2 months from the end of coverage.
- COBRA is **not** creditable coverage, so the SEP starts when active employment ends, not when COBRA ends.
- You will receive a Certificate of Insurance from the COBRA provider to allow you to complete your Medicare enrollment.

Under Age 65

If eligible due to disability or End Stage Renal Disease (ESRD), and you lose employer coverage:

- Medicare Part A SEP – if due to a disability, receive Social Security or Railroad Retirement Board disability benefits, you are automatically enrolled in Medicare Parts A and B after 24 months of receiving SSDI benefits.
- Medicare Part B SEP – 8 months from the end of employment or employer coverage.
- Medicare Part C or D SEP - 2 months from the end of coverage.
- Please note: COBRA does not extend these SEPs.

Medicare

Coordination of Benefits FAQs (Continued)



Q. What are my Key Takeaways?

- Enroll in Medicare promptly when employment ends, even if COBRA is available.
- COBRA can supplement Medicare if enrolled prior to active employment ending.
- Missing the Special Open Enrollment (SEP) can lead to coverage gaps, high out-of-pocket costs and lifelong penalties.
- Medicare enrollment makes an individual ineligible to contribute to an HSA. Medicare mid-year enrollment will impact that year's, and possibly the prior year's annual allowable HSA contribution(s). To be safe, unless you enroll in Medicare when you turn 65, you should stop contributing to your HSA 6 months prior to enrolling in Medicare, if applicable.
- You are eligible for Medicare Part A at age 65 or older but can defer enrollment without penalty while actively employed if covered under Apple Bank's plan.
- If you apply for Medicare Part A after turning 65, coverage can be retroactive for up to 6 months.

| Scenario | Medicare Action |
|--|---|
| Still employed with creditable coverage | Can delay Medicare Part A, B or D. |
| Medicare Part A | Enroll when you turn 65 and stop your HSA contribution if applicable, or delay enrollment until active employment ends. If you delay enrollment, coverage will be retroactive for up to 6 months, or the date you turned 65, whichever is closer. |
| Employment ends, COBRA offered | Enroll in Medicare during SEP; COBRA is optional for medical, dental and vision if you are enrolled in Medicare before active employment ends. If you were not enrolled in Medicare prior to termination, COBRA is only available for vision and dental |
| Enrolled in COBRA and Medicare-eligible | Medicare is Primary and plan coverage will pay claims as if Medicare is primary. If you are not enrolled in Medicare, you will be responsible for any out-of-pocket costs, including what would have been paid by Medicare. |
| Under 65 SEP | If disabled, after 24 months of receiving SSDI benefits for Medicare Part A and B, 8 months for Medicare Part B, 2 months for Medicare Part C or D |
| 65+ SEP | Same as under 65 SEP; COBRA does not extend SEP |
| Contributing to a Health Savings Account (HSA) | Medicare enrollment in any part makes you ineligible to contribute to a health savings account. Depending on the timing of Medicare enrollment, it may impact your previous annual HSA contributions. If you delay enrolling in Medicare when you first turn 65, you should stop making contributions 6 months prior to enrolling, or back to your 65th birthday, whichever is closer. |

Questions?

If you have specific questions about enrolling in Medicare, use the QR code.

www.medicare.gov or call 1-800-MEDICARE.



Disclaimer: This communication is for informational purposes only and does not constitute legal, tax, or financial advice. Individuals should consult with a qualified advisor regarding their personal eligibility for Health Savings Accounts (HSAs), especially in relation to Medicare enrollment, COBRA continuation coverage, and applicable tax rules. Apple Bank along with EPIC Brokers and its affiliates do not provide tax or legal advice and are not responsible for decisions made based on this information.