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Bulletin 440

Interaction Between Medicare and Small Group Health Plans

The Superintendent issues this bulletin to explain the interaction between Medicare and group health plans, and to remind small group health carriers of the importance of providing employers and health plan enrollees with accurate information about how Medicare will affect them, especially when the employer has fewer than 20 employees.

Under federal law, Medicare is secondary to group coverage for active employees and their spouses if the employer has 20 or more employees.¹ This is why employees of those employers often delay enrollment in Medicare Part B until they retire.

However, if the employer has fewer than 20 employees, Medicare is primary and the employer's group health coverage is secondary. This means that the group health carrier can coordinate benefits, so that its responsibility for payment cannot exceed the portion of the bill that Medicare does not pay. Furthermore, Maine law also permits carriers to coordinate benefits if the employee is eligible for Medicare but did not enroll in Part B. This means that if the employee is eligible for Medicare Part B due to age but chooses to delay enrollment, and the group has fewer than 20 employees, the group plan may decline to cover any portion of a bill that Medicare Part B would cover, as long as the insured employee, retiree, or dependent has received prominent notice. The carrier must provide notification to the insured both in the certificate of coverage and when an insured becomes eligible for Medicare due to age.²

¹ Social Security Act § 1862(b)(1) (42 U.S.C. § 1395y(b)(1)).

² 24-A M.R.S. § 2844(1-A)(B)(4).



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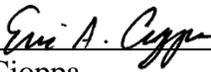
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When the Legislature considered L.D. 616, An Act To Create Uniform Practices for Medicare Beneficiaries in Small Group Plans, during the last legislative session, the Health Coverage, Insurance and Financial Services Committee expressed concern that carriers were not adequately informing employees and retirees about the implications of failure to enroll in Part B at the time they become eligible for Medicare. Carriers that reduce their benefits when enrollees are Medicare-eligible but fail to enroll should review and, if necessary, revise both their certificates of coverage for small group plans and their notifications to Medicare-eligible individuals. Carriers must clearly articulate in plain, unambiguous language whether the carrier is the primary or secondary payor for Medicare-eligible individuals and provide examples to explain the difference, if any, for actively employed individuals and retirees covered under the small group health plan.

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