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## Eligible for Medicare but have Obama care plan

The Affordable Care Act (ACA) or Obamacare has been up and running for 18 months now. It has been estimated that 11.7 million Americans have Marketplace health insurance plans. Some of those beneficiaries will be turning 65 years old and may be unaware that in most instances Medicare and Marketplace plans are not compatible.

The vast majority of Americans qualify for Medicare Part A (the hospitalization part of Medicare) without paying any premium. Some people may have an ACA marketplace plan in place prior to becoming 65 years old and Medicare eligible. Since most Medicare beneficiaries look for supplemental coverage for traditional Medicare, it would seem logical to retain the marketplace plan once Medicare eligible. However, there could be steep costs associated with retaining a marketplace plan. Switching to Medicare is considered the correct choice in nearly every circumstance. Unfortunately there are no warnings to those who are Medicare eligible so that they can make informed choices.

A major incentive to make the switch to Medicare is that those persons who receive premium subsidies for their marketplace plans will lose those subsidies when they become eligible for Medicare. Moreover, it is up to the consumer to notify the marketplace plan of their eligibility for Medicare or the continued subsidies will need to be repaid once they file taxes. This is necessary whether or not they actually sign up for Medicare. Furthermore, failure to sign up for Part B (outpatient coverage for Medicare) when first eligible can result in a premium penalty of 10 percent each year that enrollment is delayed. A similar penalty exists for each year enrollment in Part D (the prescription drug plan associated with Medicare) is delayed.

There are some exceptions to the general rule that marketplace plans and Medicare do not mix. If your marketplace plan is through your employer (Small Business Health Options or SHOP), you need to talk with your employer as to whether it is necessary to sign up for Medicare. If there are more than 20 employees, the employer's health plan is primary coverage and it is not necessary to sign up for Part B in most instances. The employer's plan is considered "creditable coverage." When the employee retires, there is a special enrollment period of eight months to sign up for Part B without penalty. However, if there are less than 20 employees in the SHOP plan, new Medicare eligible beneficiaries should sign up for Part B and Part D right away.

Another situation is where those who are 65 years old but do not qualify for free Medicare Part A may continue their marketplace plan and qualify for the subsidies. Some potential beneficiaries did not work long enough to accumulate sufficient work credits to qualify for Medicare Part A without paying a premium. But be aware that those who stay with a marketplace plan may be charged an extra 10 percent in premiums for twice the number of years that they could have had Part A but did not apply for it.

In general, it is necessary to study the benefits versus costs. Long before marketplace plans were available, Medicare was providing insurance for those who beneficiaries 65 and older. The plan was to continue Medicare for this population, and leave the marketplace to those younger than 65 years. Be alert to the pitfalls looming as you grow closer to your 65<sup>th</sup> birthday.