

ELIGIBILITY AND ENROLLMENT

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ELIGIBILITY IN GENERAL

Three groups of people are eligible for Medicare benefits. Those who benefit from the program are called beneficiaries. The three eligibility groups include:

- People 65 and older
- People with disabilities who have been receiving Social Security or Railroad Disability payments for 24 months, except for persons with Lou Gehrig’s disease (ALS)—they are eligible for Medicare in the sixth month of disability.
- People with end-stage renal disease (ESRD), that is, kidney disease that requires dialysis or transplant.

Most of those who are eligible for Medicare are entitled to benefits because they paid into the Medicare hospital insurance trust fund through FICA payroll deductions at work. But a work record in the United States is not required for people 65 and older. Citizens of the U.S. who are 65 and older and did not pay long enough into Medicare trust fund, as well as permanent resident aliens aged 65 and older who have lived in the United States for five years prior to applying for Medicare, are eligible for Medicare benefits. They must, however, pay monthly premiums for both Medicare Part A and Part B benefits.

***Note:** Congress conceived Medicare as a health insurance program for workers who are no longer able to work due to age or disability. Hence close ties exist between Medicare eligibility and eligibility for Social Security benefits. Note, however, that Medicare coverage is available for some individuals who otherwise do not qualify for Social Security retirement payments.*

ENROLLMENT IN GENERAL

The Social Security Administration (SSA) and Railroad Retirement Board (RRB) for railroad retirees determine eligibility for those entitled to Medicare benefits and handle enrollment. SSA uses both automatic and voluntary enrollment procedures. Many people are enrolled automatically in Medicare. Others must apply in writing for Medicare coverage at a Social Security office. Note that some enrollment rules differ for Part A and Part B, including rules for some people who work beyond age 65. SSA and RRB issue Medicare cards to enrolled beneficiaries. For more information about Medicare eligibility and enrollment, contact:

- The SSA at 1-800-772-1213, or go to <http://www.ssa.gov>.
- The RRB at 1-800-808-0772, or go to <http://www.rrb.gov>.



ELIGIBILITY AND ENROLLMENT FOR MEDICARE PART A

• Persons Entitled to Retirement Benefits

Most people 65 and older are entitled to Part A benefits because they or a spouse have 40 credits (formerly “quarters of coverage”) in Social Security-covered employment. Those who choose to receive Social Security or railroad retirement benefits at age 65 or earlier do not need to apply separately for Medicare. Social Security enrolls them automatically in Medicare Part A. About 99 percent of Medicare beneficiaries do not pay a premium for Medicare Part A benefits. For more information on quarters of coverage, visit SSA’s website at <http://www.ssa.gov/OACT/COLA/QC.html>.

Those who wait past age 65 to apply for their monthly Social Security or railroad retirement benefit payments must apply in writing for Medicare benefits at a Social Security office. They can apply anytime during the year. Their Part A benefits can take effect retroactively, up to six months before they applied.

• People with Disabilities or ESRD

People of any age with disabilities who are entitled to Social Security or Railroad disability benefits for 24 months are also entitled to Medicare Part A without paying a premium. Their Medicare benefits start in the 25th month of receiving disability benefit payments.

People of any age who have end-stage renal disease (ESRD) and have had a kidney transplant or have received dialysis for three months are entitled to Medicare Part A benefits. People with ESRD must go to a Social Security office to file a written application.

An exception to the 24-month disability waiting period applies to people who have Lou Gehrig's disease (amyotrophic lateral sclerosis, ALS). The law waives the waiting period. Because Social Security disability payments start after five months of the onset of a disability, Medicare coverage takes effect on the first day of the sixth month of the ALS disability.

- **Voluntary Enrollment in Medicare Part A**

Those not entitled to Medicare through employment can enroll in Medicare voluntarily. This group includes certain people with disabilities and certain people aged 65 and older who do not have enough work credits to qualify for premium-free Medicare. They must, however, be willing to pay monthly premiums for the benefits. Seniors and people with disabilities who have fewer than 30 credits in Social Security-covered employment must pay a monthly premium of \$461 (in 2010) for Part A benefits. Seniors with 30 to 39 credits and people with disabilities who have 30 or more credits pay a monthly premium of \$254 (in 2010). A late enrollment penalty of 10 percent of the current monthly premium applies for those who enroll a year or more after their 65th birthday. Those who enroll voluntarily must apply at a Social Security office. Voluntary enrollees have three time frames to enroll in the Part A program, just as with Medicare Part B.

Note: Even though the age for full Social Security retirement benefits will come later than age 65 for persons born after 1938, they are still eligible for Medicare at age 65. Congress has not raised the Medicare eligibility age.

ELIGIBILITY AND ENROLLMENT FOR MEDICARE PART B

Persons Eligible for Part B

Those who are eligible for Part A benefits also are eligible for Medicare Part B. In addition, persons aged 65 and older who are U.S. citizens or permanent resident aliens for five years who are not entitled to Part A through Social Security-covered employment can enroll in Part B without enrolling in Part A.

Enrollment Periods

People who are eligible for Medicare Part B benefits must enroll in the program during an enrollment period. Original Medicare has three distinct enrollment periods. Note that Original Medicare does not have the six-week Annual Enrollment Period (November 15 to December 31) that exists for Medicare drug plans (Part D) and Medicare Advantage plans (Part C).

• Initial Enrollment Period (IEP)

The IEP is a seven-month time frame that includes the three months before and after the month of a person's 65th birthday.

- If a person enrolls (or is automatically enrolled) in Medicare during the first three months of the initial enrollment period, Medicare coverage starts on the first day of the month in which the person turns 65.
- If a person enrolls in the month of her 65th birthday, coverage starts on the first day of the next month.
- If a person enrolls in the fifth month of the IEP, coverage will start two months after enrollment.
- If a person enrolls in the sixth or seventh month of the IEP, coverage will start three months after enrollment.

EXAMPLE *Jennifer's birthday is on May 10. Her initial enrollment period starts three months before, on February 1, and ends three months after, on August 30. If Jennifer enrolls between February 1 and April 30, her coverage takes effect on May 1. If she enrolls in May, her coverage takes effect on the 1st of the month following the enrollment - June 1st. If she enrolls in June, coverage begins August 1st. If she enrolls in July, her coverage begins October 1st. If she enrolls in August, her coverage begins November 1st.*

• General Enrollment Period

The General Enrollment Period is a three-month time frame at the beginning of each calendar year (January-March) during which a beneficiary who did not enroll during an initial enrollment period can enroll in Medicare Part B.

- Coverage for Part B takes effect on July 1.
- Premium penalties apply for those who enroll more than 12 months following their initial eligibility date.
- Part B Penalty: 10 percent premium surcharge for each 12-month period that had passed when a person could have been, but was not, enrolled in Part B.
 - Note that beneficiaries under the age of 65 currently paying this premium penalty will not have to pay that penalty upon turning 65.
 - Currently there is no cap on the penalty amount. For example, beneficiaries could be responsible for paying anywhere from 10 percent (1-year delay) to 300 percent (25-year delay) depending on how long they delayed enrolling.

EXAMPLE *John celebrated his 65th birthday in March 2006 and delayed enrolling in Part B until January 2010. He did not have employer insurance between 2006 and 2010. He has a 30 percent penalty because he delayed enrollment for three full years after his IEP. His penalty is calculated as:*

\$96.40	(Part B standard premium in 2010)
x 0.3	(10 percent x three 12-month periods not enrolled)
<hr/>	
\$28.92	penalty

In 2010, John will pay \$28.92 per month added to his Part B premium of \$96.40. Thus, he pays a total monthly premium of \$125.30 (Medicare rounds monthly premiums to the nearest multiple of 10 cents). He will continue to owe a 30 percent penalty for as long as he remains in Medicare. If the Part B premium increases to \$100 per month in 2011, his penalty amount will rise to \$30. Note that the Social Security Administration (SSA) does not count the months in a person's IEP when calculating the 12-month period to which the late-enrollment penalty applies.

• Special Enrollment Period

Those who work beyond age 65 (the working aged) for employers with 20 or more employees, and who have continued health insurance coverage through an employer group health plan have an eight-month time frame to enroll in Medicare. The SEP starts in the month when a retiree is no longer working and her employee group coverage ends.

- Coverage takes effect on the first day of the month following enrollment.
- No penalties apply for late enrollment.
- A Special Enrollment Period is also available to spouses of the working aged.
- The Special Enrollment Period does not apply to those who continue their group plan coverage through COBRA rights and stopped working more than seven months ago.

SHIP TIP


To make sense of this, it helps to know that for purposes of the Special Enrollment Period there is a big difference between employer group health plans for current employees and employer plans for retirees. The law requires employers with 20 or more employees to offer the same health coverage that it makes available to younger employees. In other words, these employers cannot force an older worker to get her health insurance through Medicare.

Enrollment Procedures

Enrolling in Medicare Part B is optional. A person who enrolls in Medicare Part A (see page 11) is also enrolled in Part B—unless she opts out of Part B.

- Most people do not opt out of Part B because they need the coverage.
- Social Security sends an enrollment packet that contains the red, white, and blue Medicare card.
- For automatic enrollees, Social Security enrolls them in both Part A and Part B, unless the beneficiary signs and returns an official post-card or other written statement to SSA in which she opts out of Part B coverage.

- The working aged (and their spouses) with employer group coverage can enroll in Part A (because they are entitled to it without premiums) and opt out of Part B. Part A Hospital Insurance pays second to the employer group plan. These beneficiaries can enroll in Part B later (as described above).
- Part B Premium
 - All enrollees agree to pay a monthly Part B premium that is, for most beneficiaries, \$96.40 per month (in 2010). See HAP's Medicare Premiums and Cost-Sharing Web page at www.hapnetwork.org/original-medicare/cost-sharing/2010.html for more information on Part B premiums in 2010.
 - Some low-income persons may qualify for state assistance in paying the Part B premium through Medicaid or the Medicare Savings Programs.



To determine a client's Medicare enrollment status, look at the Medicare card. It shows if a person is enrolled in "Part A Hospital Insurance," "Part B Medical Insurance," or both. It also shows the date(s) that the beneficiary's Medicare coverage took effect.

WHERE TO LEARN MORE

About Medicare eligibility and enrollment in general, see:

- *Getting Medicare before You Get Your Full Social Security Retirement Benefits*, a 3-page CMS publication with information about the eligibility age (full retirement age) to get full Social Security retirement benefits, available from Medicare at <http://www.medicare.gov/Publications/Pubs/pdf/11038.pdf>.
- The Health Assistance Partnership's Medicare Resource Page at <http://www.hapnetwork.org>. Click the link for Original Medicare, and then for Eligibility and Enrollment. The HAP website contains several links to many federal rules governing eligibility.

For detailed explanations of most eligibility and enrollment rules, see:

- *Program Operations Manual System (POMS)*, the Social Security Administration's manual for field office staff, available at SSA's website at <https://secure.ssa.gov/apps10/poms.nsf/aboutpoms>.