



*Advising the Congress on Medicare issues*

# Beneficiary enrollment in Medicare

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# Today's session

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- Roles of government agencies in the Medicare enrollment process
- Background on Medicare enrollment and the link to Social Security benefits
- An information gap and late-enrollment penalties
- Potential approach to close the gap

# Roles of government agencies in the Medicare enrollment process

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- The Social Security Administration (SSA)
  - Collects and maintains information on individual work histories, Part A entitlement, and Part B eligibility
  - Usually responsible for the collection of Part B and Part D premiums
- The Centers for Medicare and Medicaid Services (CMS)
  - Provides beneficiaries with information on the Medicare program and plan choices

# Entitlement and eligibility for Medicare

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- Entitlement and eligibility are based on age, disability, or certain diseases
- At age 65, individuals are
  - Entitled to Part A if eligible for Social Security benefits (based on work history)
  - Eligible to enroll in Part B and Part D
  - Auto-enrolled into Part A and Part B if receiving Social Security benefits

# Age of Medicare eligibility no longer aligned with Social Security full retirement age

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- Social Security “full retirement” age now 66, increasing to 67
  - About 40 percent of 65 year olds not yet receiving Social Security benefits
    - Not auto-enrolled in Medicare
    - Not notified of Medicare eligibility
    - Could face subsequent late-enrollment penalties (700k paid penalties in 2016)
  - Not a problem for Part A entitlement
  - Can be a problem for voluntary enrollment in Part B and Part D

# Three opportunities to enroll in Part B

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- Initial enrollment period (IEP)
  - Seven-month period around 65<sup>th</sup> birthday
  - Auto-enrolled if already receiving Social Security benefits
- Special enrollment period (SEP)
  - Based on life events (e.g., loss of employer coverage)
- General enrollment period (GEP)
  - Annual open enrollment
    - Part B- Enroll Jan-Mar, effective July 1<sup>st</sup>
    - Part D- Enroll Oct-Dec, effective Jan 1<sup>st</sup>

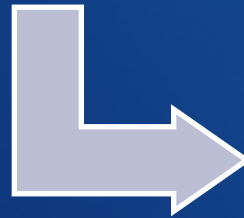
# Example: Part B enrollment during IEP (7-month period)

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Receiving Social Security benefits more than four months before 65<sup>th</sup> birthday



Notified by Social Security and CMS about auto-enrollment



Auto-enrolled during IEP

**Does not face late-enrollment penalty or delay in coverage**

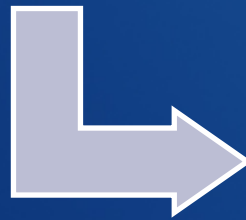
# Example: Part B enrollment during SEP (8-month period)

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Not receiving Social Security benefits four months before 65<sup>th</sup> birthday



Active worker past age 65 receiving qualifying coverage through an employer



Retires from job and enrolls during resulting SEP

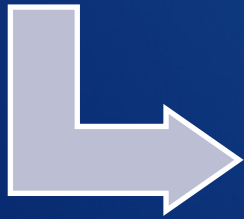
**Does not face late-enrollment penalty or delay in coverage**



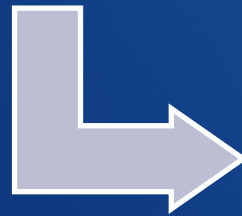
# Example: Part B enrollment during GEP (3-month period each year)

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Did not enroll during IEP



Not eligible for SEP



Enrolls during GEP

**Faces delay in coverage and probably a late-enrollment penalty**

# Late-enrollment penalties

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- Part B
  - 10% of basic Part B premium for each year without employer coverage
  - Currently \$13.40 per month for each year delayed
- Part D
  - 1% of average monthly premium for each month without creditable coverage
  - Currently \$4.20 per month for each year delayed

# Enrollment issues for non-auto-enrolled beneficiaries

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- Enrollment process is confusing
- Beneficiaries must actively seek information or rely on private insurance companies
- May be subject to late-enrollment penalties
- Most beneficiaries are unaware of late-enrollment penalties

# Potential approach to address information gap on Part B eligibility

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- Urge the Secretary to work with SSA and/or seek actions to facilitate better information flow and more timely notification of Part B eligibility to beneficiaries who could subsequently be liable for late enrollment penalties