

ELIGIBILITY FOR HEALTH PLANS FOR MEDICARE- ENROLLED RETIREES

MEDICARE SECONDARY PAYER (MSP) LAW

The Medical Trust follows the government's Medicare Secondary Payer (MSP) law which outlines when Medicare is not responsible for paying first for health claims. The government designed Medicare to provide health coverage for retired individuals, not active individuals. Medicare requires employers' active plans to be the primary payer of health claims for individuals who are actively working. If an active age 65+ employee is eligible for employer subsidized health benefits, as defined by the employer's policy, then Medicare will not be the primary payer for health claims.

Each employer (parish, diocese, etc.) must determine its own policy outlining which employees are eligible for employer-subsidized health benefits. The Medical Trust cannot determine this policy. The policy should comply with the Age Discrimination in Employment Act (ADEA), which requires employers to offer their age 65+ employees and spouses the same coverage that is offered to employees and spouses under age 65, regardless of their Medicare eligibility. In addition, this equal benefit rule applies to coverage offered to full-time and part-time employees. Those active employees over age 65 who are qualified for employer-subsidized health benefits and meet the Medical Trust's basic eligibility rules described in the medical trust plan must be offered an active plan.

Medicare beneficiaries are free to reject employer plan coverage and retain Medicare as their primary coverage. However, when Medicare is the primary payer, employers cannot offer such employees or their spouses' secondary coverage for items and services covered by Medicare. Medicare states that an employer cannot sponsor or contribute to individual Medigap or Medicare supplement plans for Medicare beneficiaries who are actively employed. Therefore, the Medical Trust does not offer Medicare supplement plans or Medicare HMOs to active employees and their spouses over age 65. An active employee can keep Medicare coverage but it will only pay benefits on a secondary basis. This is the government's way of ensuring that Medicare funds are spent on health claims only for those individuals who have retired.

For more information, please review the Medicare Secondary Payer (MSP) Manual at http://www.cms.hhs.gov/manuals/105_msp/msp105c02.pdf