

Active Employment and Medicare Eligibility

CU employees working past Medicare eligibility

The University of Colorado’s philosophy is to do as much as it can to assure that you are well informed of your benefit options. If you remain active in your career past the traditional age of retirement, there are essential pieces of information for you and your dependents as you reach retirement age and particularly, as you reach Medicare eligibility.

This resource is for you if you are an active, benefits eligible employee approaching Medicare eligibility. It contains important information regarding CU medical plans, Health Savings Account (HSA) contributions and Social Security, and it will guide you as you work past traditional retirement age. As an active employee you have several decisions to consider during this time.

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It is important to note that CU benefits professionals cannot give advice about finances, Social Security or Medicare benefit decisions. However, they can direct you to resources, Social Security and Medicare, and can answer any questions regarding how they affect your CU benefits.

Medicare and the Active Employee

As an active CU employee, in a benefits eligible position, you and your dependent(s) **can continue coverage** in a CU medical plan, regardless of age, even when you and/or your dependent(s) become Medicare eligible (usually turning age 65) without penalty. You have several options to consider.

Option 1: Keep your CU medical plan and delay your Medicare enrollment

If you and your dependent are enrolled in a CU medical plan, Medicare's rules allow you, and/or your dependent, to **delay** enrollment in Medicare. You will not incur any late enrollment penalties with Medicare because CU provides you creditable coverage*.

If you choose to delay Medicare enrollment, you must remain in a creditable group health plan until you terminate CU employment, retire or your appointment changes to a non-benefits eligible position. At that time, you will need to enroll in Medicare. You will qualify for a [SEP \(Special Enrollment Period\)](#) with Medicare that will negate any late enrollment penalties with Medicare.

*Medicare defines [creditable coverage](#) as coverage that is as good as or better than Medicare. CU medical plans for active employees qualify as creditable coverage.

Option 2: Keep your CU medical plan and enroll in part or all of Medicare

When you, and/or your dependent, become Medicare eligible and you are enrolled in a CU medical plan, you can enroll in part or all of Medicare. Below is a summarization of Medicare. The purpose here, is to understand how enrolling in Medicare interacts with your CU medical plan while employed at the university. Always consult [Medicare](#) for full details on Medicare plan options.

1. **Medicare Part A** is hospitalization insurance, and most people will not pay a premium*. Your CU medical plan provides coverage for hospitalization. If you choose to enroll in Medicare Part A, it will pay [secondary](#) to your CU medical plan, meaning your CU medical plan will pay claims first. Enrolling in Medicare Part A *only*, decreases the time it takes to enroll in Part B later.
2. **Medicare Part B** is medical insurance. Your CU medical plan provides this coverage. If you choose to enroll in Medicare Part B, you will pay a monthly premium** through Medicare and it will pay [secondary](#) to your CU medical plan, meaning your CU medical plan will pay claims first.
3. **Medicare Part C** is a Medicare Advantage Plan. Visit the [Medicare website](#) for further details.
4. **Medicare Part D** is Prescription Drug Coverage. Your CU medical plan provides this coverage. If you choose to enroll in Medicare Part D, you will pay a monthly premium** to Medicare and it will pay [secondary](#) to your CU medical plan, meaning your CU medical plan will pay claims first.

*Per [Medicare's guidelines](#), a small population of people will pay a premium for Medicare Part A.

**Visit the [Medicare website](#) for pricing information (www.medicare.gov).

Option 3: Drop your CU medical plan and enroll in part or all of Medicare

Becoming Medicare eligible is considered a [Qualifying Life Change \(PDF\)](#) that would allow you to drop your CU medical plan. You are encouraged to diligently **compare* your current CU Health Plan with Medicare** and consider the impact of dropping your employer coverage.

CU medical plan questions:

- www.cu.edu/benefits
- benefits professional @ 303-860-4200, options 3 or benefits@cu.edu

Medicare plan questions: www.medicare.gov

Social Security and Automatic Enrollment in Medicare

If you are drawing Social Security benefits, you will **automatically** be enrolled in Medicare Part A and B when you become Medicare eligible (generally age 65).

- a. **Medicare Part A:** This cannot be stopped or undone. While you are employed and enrolled in a CU medical plan, Medicare Part A will become secondary to your CU medical plan and for most, will **not*** cost monthly premiums.
- b. **Medicare Part B:** You **can delay** this coverage until you retire, lose group health plan eligibility or terminate employment by contacting Social Security Administration before you become Medicare eligible - www.medicare.gov. If you do not delay this coverage, you will need to pay the premiums and it will become secondary to your CU medical plan.

*Per [Medicare's guidelines](#), a small population of people will pay a premium for Medicare Part A.

Medicare and Your Health Savings Account (HSA)

If you are enrolled in Medicare and participating in a Health Savings Account (HSA) there are important tax considerations to note. You will need to take action to avoid tax penalties in certain situations.

Stop making contributions to the Health Savings Account (HSA) when you enroll in Medicare.

- If you are enrolled in ANY PART of Medicare and you continue to contribute* to your HSA, you will be subject to tax penalties.
- If you are drawing social security benefits you will be automatically enrolled in Medicare Part A when you become Medicare eligible. Because Part A cannot be reversed, you will be ineligible to continue to contribute to your HSA.

Stop contributing to your HSA 6 months prior to Medicare enrollment.

- If you choose to enroll in Medicare or are automatically enrolled through Social Security, while actively employed, Medicare Part A coverage will be retroactively effective six months prior to the date you apply for Medicare or Social Security Benefits, but no earlier than the first of the month you were eligible for Medicare.

*Penalties are incurred on **contributions** only. You can continue to use your HSA funds for qualifying expenses.

Resources

[IRS Publication 969: Health Savings Accounts](#)

[Medicare](#)

[Medicare Eligibility: Qualifying Life Change Guide \(PDF\)](#)

[Social Security Administration](#)