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community

Medicare & the Marketplace

While many consumers transition smoothly to Medicare once they are eligible, some consumers find themselves caught in a complicated web of Medicare versus marketplace eligibility rules. Below is the pertinent information assisters need to help consumers navigate the Medicare-marketplace web and answers to the most frequently asked questions on this topic.

(Updated June 2017)

MEDICARE 101

Medicare is a federally funded program that provides health coverage to adults over age 65, certain persons with disabilities, and persons with End-Stage Renal Disease (ESRD).

Medicare has four parts:

- [Part A \(hospital insurance\)](#)
- [Part B \(medical insurance\)](#)
- [Part C \(also called Medicare Advantage, private insurance coverage of Parts A and B\)](#),
- [Part D \(prescription drug insurance\)](#)

Both Parts A and C are Minimum Essential Coverage (MEC) and satisfy the Affordable Care Act's individual mandate to maintain coverage. However, Medicare Part B alone does not constitute MEC; thus an individual enrolled in Part B only would be subject to the tax penalty, also called the Individual Shared Responsibility Payment.

Medicare enrollees receive [red, white and blue Medicare cards](#) that show whether they

have Part A, Part B or both. Some consumers are [automatically enrolled](#) in Medicare Parts A & B when they become eligible (e.g., consumers who

are eligible for premium free Part A and receiving Social Security retirement benefits), while others have to sign up (e.g., a consumer who is still working when she turns 65 and not receiving Social Security retirement benefits).

In addition, some Medicare enrollees choose to buy supplemental insurance from private companies called [Medigap](#) coverage. Medigap policies are not Medicare—they are private insurance plans that supplement Medicare. Medigap is also different from Part C plans, known as Medicare Advantage, and is not available in the marketplaces. Medicare Advantage Plans are private managed care plans that cover at least the same benefits as Parts A and B (together referred to as Original Medicare).

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Determining a Medicare-eligible consumer may purchase a Qualified Health Plan (QHP) and/or receive Advanced Premium Tax Credits/Cost Sharing Reductions (APTCs/CSRs) depends on the type of Medicare the consumer has and whether or not the consumer is already enrolled in a QHP when they become Medicare-eligible.

KEY TAKEAWAY

If a consumer is enrolled in or eligible for Medicare or does not know if she is eligible for Medicare, direct her to assistance with her Medicare questions *first* before assisting with marketplace coverage. Each state has a [State Health Insurance Program \(SHIP\)](#) that provides free help with Medicare.

In general, consumers who are enrolled in Medicare will not interact with the marketplace for two reasons: First, Medicare Parts A and C are considered MEC, so Part A and Part C enrollees are ineligible for APTCs/CSRs. Second, long-standing rules prohibit insurers from selling or issuing duplicate coverage to Medicare enrollees.

Therefore, current Medicare enrollees cannot purchase marketplace coverage even at full price. However, some

consumers who are eligible for but not enrolled in Medicare, or who are enrolled in marketplace coverage when they become Medicare eligible, may choose to get (or keep) marketplace coverage instead.

Frequently Asked Questions

The following FAQs address the most common marketplace coverage questions and scenarios raised on *In the Loop* about consumers age 65 and older who are either enrolled in or eligible for Medicare. Note that some [different rules may apply](#) for consumers who are eligible for Medicare on the basis of disability or a diagnosis of ESRD.

Can consumers who have Medicare enroll in marketplace coverage?

No. Insurance companies are prohibited from selling or issuing a marketplace Qualified Health Plan (or an individual market policy outside the marketplace) to Medicare enrollees under a Social Security Act provision predating the ACA that makes it illegal to sell or issue duplicate coverage to Medicare beneficiaries. This prohibition does not apply in the SHOP market, or to employer coverage outside of the SHOP market. (See Flow Chart 2 below).

Can consumers who are eligible for Medicare but not yet enrolled purchase marketplace coverage?

Yes. However, consumers may face late Medicare enrollment penalties if they do not enroll in Medicare during their initial enrollment period but do so later during a Medicare general enrollment period. (See Flow Chart 1 below).

Does the FFM screen applicants for Medicare enrollment or eligibility?

The Federally Facilitated Marketplace (FFM) screens applicants who are seeking APTCs/CSRs for Medicare enrollment. However, the FFM does not have the functionality to prevent a Medicare enrollee from enrolling in a QHP at full price. The marketplace periodically examines available data sources to identify consumers in FFM states who are also enrolled in Medicare that qualifies as MEC, and sends periodic data matching (PDM) notices to these consumers.

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Can consumers who are enrolled in QHPs prior to enrolling in Medicare keep their QHPs once they get Medicare?

Yes. Consumers are not required to drop QHP coverage upon enrolling in Medicare. However, once a consumer's Medicare Part A or C coverage begins, he is ineligible for APTCs or CSRs in the marketplace, and may have to repay all or part of any APTCs/CSRs received for the months when he was also enrolled in Medicare Parts A or C.

Consumers who are eligible for premium-free Part A may keep their existing QHP but are ineligible for APTCs/CSRs, even if they do not actually enroll in Part A. In contrast, consumers who are eligible for but not enrolled in *premium* Part A can choose instead to continue their marketplace coverage with APTCs and CSRs. Note that consumers may face Medicare late-enrollment penalties for failing to enroll in premium Part A or Part B during their initial enrollment period. (See Flow Chart 1 below).

Will a QHP automatically terminate coverage once a consumer enrolls in or becomes eligible for Medicare?

No. Consumers must request QHP termination. Issuers are not allowed to terminate QHP coverage if they find out that a consumer is enrolled in or eligible for Medicare without the consumer's request. The [FFM recommends](#) that consumers who will be eligible for Medicare mid-year (e.g., turn age 65 in July) terminate their QHP *after* their Medicare starts to avoid a gap in coverage.

Can consumers drop Medicare and enroll in marketplace coverage?

It depends. Existing Medicare enrollees may not purchase a QHP; the consumer will need to disenroll from Medicare before buying a QHP, and not all consumers will be eligible for APTCs/CSRs. Consumers who must pay a premium for Part A may drop both Parts A and B and enroll in marketplace coverage with APTCs/CSRs (if otherwise eligible). Consumers who are eligible for premium-free Part A cannot refuse or drop their Part A without dropping their retiree benefits and repaying all Social Security or Railroad retirement benefits and Medicare costs incurred, and will not be eligible for APTCs/CSRs.

Can Medicare enrollees purchase Medigap, dental or other supplemental coverage in the marketplace?

No. Insurers are prohibited from selling QHPs to Medicare enrollees as supplemental coverage. (See Flow Chart 2 on Page 4). While Medicare enrollees may be able to purchase a Medigap policy specifically designed to supplement Medicare, these policies are not available in the marketplace. Furthermore, Medicare enrollees cannot get dental coverage through the FFM because marketplace dental plans are only available to QHP enrollees. Federal law does not prohibit issuers from selling stand-alone dental plans to Medicare beneficiaries outside of the marketplace or through state-based marketplaces (though some may not support this functionality).

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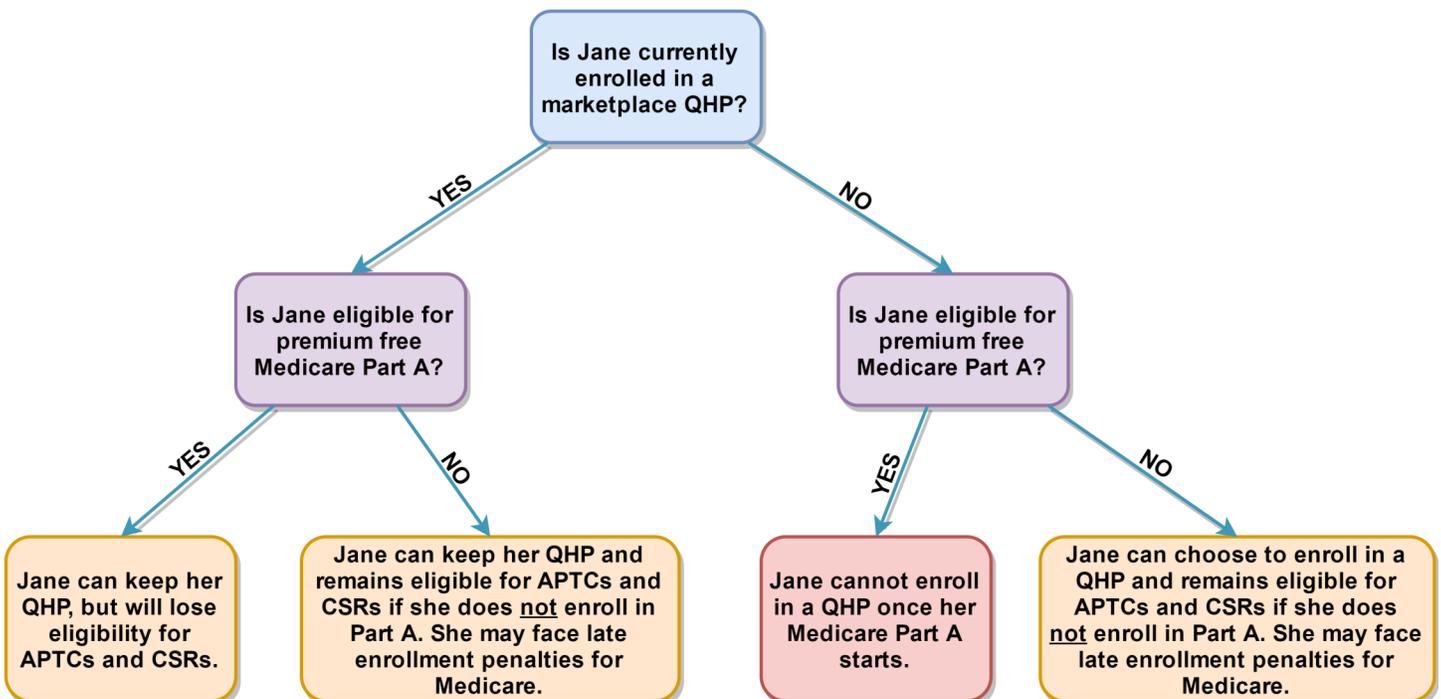
How does Medicare work with other types of coverage such as coverage for employees or retirees?

Generally, Medicare-eligible consumers who are over age 65 and covered by group health plans based on current employment can delay Medicare enrollment until their group coverage ends. These consumers can sign up for Medicare during a "Special Enrollment Period" after they lose group coverage, and usually do not have to pay a late enrollment penalty. Different rules apply to Medicare-eligible individuals who are self-employed, employed by a small employer, under age 65, or enrolled in retiree coverage. [Find out more on Medicare.gov](https://www.medicare.gov).

Generally, Medicare-eligible consumers who are over age 65 and covered by group health plans based on current employment can delay Medicare enrollment until their group coverage ends.

Flow Chart 1: Questions for Consumers Eligible for, but not yet Enrolled in Medicare

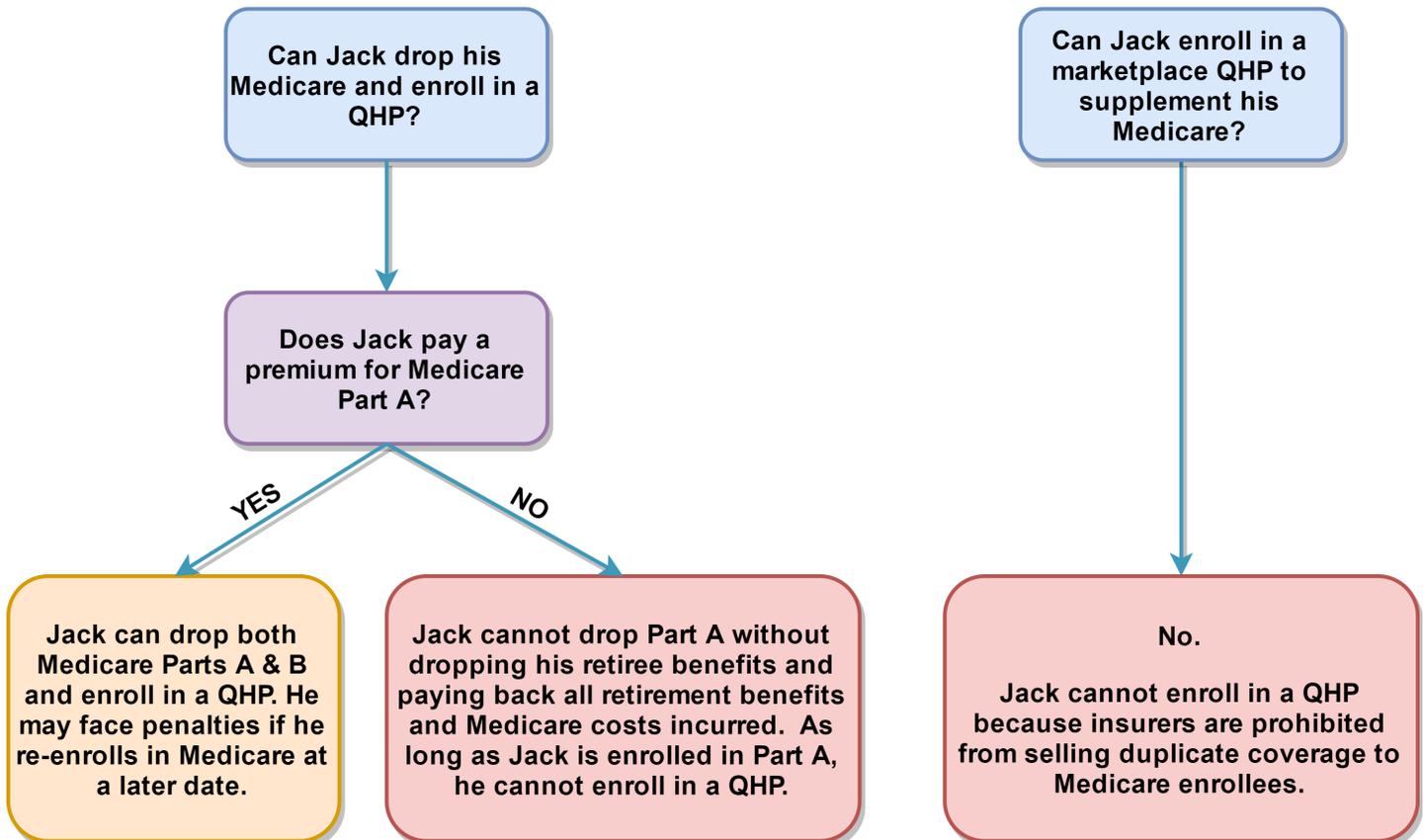
Tomorrow is Jane's 65th birthday. She is eligible for, but not yet enrolled in Medicare and wants to know whether she has options for marketplace coverage.



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Flow Chart 2: Questions for Consumers Currently Enrolled in Medicare, But Who Are Not Enrolled in a QHP

Jack, age 70, is retired and enrolled in Medicare Parts A&B.



ADDITIONAL RESOURCES

[Medicare and the Marketplace FAQ](#), CMS

[May 26 Assister Newsletter](#), CMS

[Outreach Materials for Medicare Beneficiaries](#), CMS

[Training: Getting Started with Medicare](#), CMS

[Assister Webinar: Transitioning from a Marketplace Plan to Other Coverage](#), CMS

[HealthCare.gov Medicare Page](#), CMS

[Medicare: Get Help Paying Costs](#), CMS

[State Health Insurance Assistance Programs](#), SHIP

[Medicare Homepage](#), CMS

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