



## Transitioning out of your Group Health Plan

The Affordable Care Act of 2010 has leveled the playing field between Group Health Plans and Individual Health Plans. Health insurance is now guaranteed for all individuals. Gone are the days when employees felt tied to an employer's health plan for fear they would be rejected by health insurers or get "rated-up" for health related reasons. The new "age-based" rating system has minimized the premium gap between group and individual health plans offering comparable benefits. These significant consumer friendly reforms are particularly relevant for employees who are considering leaving their group health plan and need to maintain their health insurance coverage.

Once your employment ends, your group health insurance ends. You can continue your group coverage under **COBRA** for up 18 months - with the possibility of extending another 18 months under CAL-COBRA provisions. Or, if you are between jobs, you can enroll in a "**Short Term Medical**" Plan lasting up to one year. Or, you can enroll in a private individual health plan either through the state exchange, called **Covered California**, or in the open marketplace. Either way, you are guaranteed coverage, and because losing employment is a "life event" you can enroll "outside" of the mandated open enrollment period with no loss of coverage. If you are 65 or older and considering retirement, you may be eligible to enroll in **Medicare Parts A & Part B**. Medicare offers comprehensive health coverage and premiums that are generally less expensive than the alternatives.

### ENROLLING IN MEDICARE

If you are nearing age 65, and you choose to remain employed and covered under your employer's health plan, you should know your **MEDICARE OPTIONS**. **A.)** You will not automatically be enrolled in Medicare just because you turned 65. If you are NOT receiving Social Security, and you WANT Medicare, you NEED to sign up for Medicare Part A & Part B. **B.)** You may enroll in Medicare Part A only and for most people that's a good idea. **C.)** You must already have Part A to apply for Part B. **D.)** You can choose between either a Medicare Advantage Plan or Original Medicare and purchase a supplemental plan.

You usually don't have to pay a monthly premium for Medicare Part A (Hospital Insurance) coverage if you or your spouse paid Medicare taxes while working. This is sometimes called "premium-free Part A." Medicare Part B has a monthly premium of \$104.90 – if your modified adjusted gross income is above a certain amount you may pay more. If you enroll in Medicare Part A and Part B, and you work for an employer with less than 20 employees, Medicare becomes your primary health coverage and your group plan becomes secondary coverage and as a result your group health insurance premiums may be reduced. You may, of course, drop your group health insurance plan once you're covered by Medicare.

If you are planning on signing up for Medicare Part A & Part B when you reach 65 you'll want to avoid any penalty by signing up on time.

**1.)** When you're first eligible for Medicare, you have a 7-month **Initial Enrollment Period** to sign up for Part A and/or Part B. For example, if you're eligible when you turn 65, you can sign

up during the 7-month period that begins 3 months before the month you turn 65, includes the month you turn 65, and ends 3 months after the month you turn 65.

**2.)** You also have an 8-month **Special Enrollment Period** to sign up for Part A and/or Part B that starts the month after your employment ends or the group health plan insurance based on current employment ends, whichever happens first. Usually, you don't pay a late enrollment penalty if you sign up during a Special Enrollment Period.

**3.)** If you didn't sign up for Part A and/or Part B (for which you must pay premiums) when you were first eligible, and you aren't eligible for a Special Enrollment Period, you can sign up during the **General Enrollment Period** between January 1–March 31 each year. Your coverage will start July 1. You may have to pay a higher premium for late enrollment in Part A and/or Part B.

So whether you are leaving your current employer to follow your dreams, or you are retiring after 30 years of dutiful service there's a health plan for you. Consult your local health insurance professional to insure that you get the plan that's right for you.

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