

State Retiree Health Benefits Program—Fact Sheet #5

Medicare and the State Retiree Health Benefits Program

What is Medicare?

Medicare is the federal government health insurance program for:

- Most people turning age 65
- Some people under age 65 who have a disability
- People with End-Stage Renal Disease who need dialysis or a transplant

Medicare covers a wide variety of medical services provided by hospitals, doctors and certain other providers. On January 1, 2006, Medicare added an outpatient prescription drug benefit. Visit your local Social Security office for more information about Medicare eligibility and benefits. Information is also available on the Medicare website at www.medicare.gov or by calling 1-800-MEDICARE.

What is Original Medicare?

The Original Medicare Plan works with the state program's Medicare-coordinating plans. Original Medicare includes Medicare Parts A and B. Medicare Part A is hospital insurance, and Medicare Part B is medical insurance. For most beneficiaries, there is no premium cost for Medicare Part A, but Medicare Part B requires the payment of a monthly premium. For 2025 the standard Part B premium will be \$185.00 for newly eligible beneficiaries. However, current beneficiaries may pay less if their part B premium is withheld from their Social Security benefits. Beneficiaries with annual incomes greater than \$106,000 (individual) may have to pay an additional "income related premium". The Social Security Administration can confirm your Part B premium obligation.

Medicare Part C is not Original Medicare and does not coordinate with the state program. It includes Medicare Advantage Plans. If you enroll in a Medicare Advantage Plan, the state program's Medicare-coordinating plans will exclude payment for services received through that plan. If you decide to enroll in a Medicare Advantage plan, you should consider disenrolling from the state program. However, once you have disenrolled from the state program, you may not return at a later time.

What is Advantage 65?

Under the State Retiree Health Benefits Program, there are several Medicare-coordinating options available to new Medicare-eligible retiree group enrollees and their Medicare-eligible covered family members or to current retiree group members and their covered family members who are newly eligible for Medicare. (Along with retirees, the "retiree group" includes Long-Term Disability participants and Survivors.) These plan options will be referred to as the **Advantage 65 Plans** and include:

- **Advantage 65** – A Medicare supplemental plan that pays secondary to Medicare and pays most Medicare coinsurance/co-payments for covered services. Generally, Advantage 65 will not pay for services that are not covered by Medicare unless specifically indicated in the Member Handbook. Advantage 65 also includes an enhanced Medicare Part D benefit for outpatient prescription drug coverage, contingent upon approval of enrollment by Medicare. Advantage 65 also includes coverage for some services not covered by Medicare, including a routine hearing benefit, an out-of-country major medical benefit, and at-home recovery care, as described in the Member Handbook.
- **Advantage 65 with Dental/Vision** – Adds coverage for certain dental and routine vision services to the Advantage 65 coverage described above. Review the Member Handbook inserts to confirm services covered under this dental/vision option since they differ from those covered under non-Medicare plans. **THIS IS THE DEFAULT PLAN IF NO ELECTION IS MADE UPON ELIGIBILITY FOR MEDICARE.**
- **Advantage 65—Medical Only** – Provides the same medical benefits as the Advantage 65 Plan but **does not include outpatient prescription drug coverage**. If this plan is elected, outpatient prescription drug coverage should be obtained through a non-state-sponsored Medicare Part D plan or other creditable coverage such as Tricare, Veterans Benefits or a spouse's creditable plan. Upon eligibility for Part D coverage, failure to enroll or to have other creditable coverage for a period of 63 or more days may result in a higher Part D premium when enrolling at a later date.
- **Advantage 65—Medical Only + Dental/Vision** – Adds coverage for certain dental and routine vision services to the Advantage 65—Medical Only coverage described above. Review the Member Handbook inserts to confirm services covered under this dental/vision option since they differ from those covered under non-Medicare plans.

The Advantage 65 Plans are not Medicare Advantage plans.

The *Medicare Plan Options Brochure* provides a summary of the Advantage 65 Plans' benefits, including coordination with Medicare. You may review this brochure by going to:

<http://www.dhrm.virginia.gov/hbenefits/retirees/medicareretiree.html>

and clicking on "Medicare Plan Options Brochure" or you may request a copy from your Benefits Administrator.

Following is a basic overview:

Basic Overview of Advantage 65 Benefits

	<i>Medicare Pays</i>	<i>Advantage 65 Pays</i>
Hospital Inpatient (Part A)	All but \$1,408 for days 1–60 All but \$352 per day for days 61–90 All but \$704 per day for 60 Lifetime Reserve Days \$0 for any additional days	Part A Deductible/Copayment except first \$100 up to 90 days 100% of the Allowable Charge for an additional 365 days Part A Copayment for Lifetime Reserve Days (Lifetime Reserve Days must be used before exercising the additional 365-day Benefit)
Physician and Other Services (Part B)	Generally, 80% of Medicare-Approved Amount after \$240 Deductible	Part B Coinsurance, but not Deductible
Other Services	\$0	Consult Member Handbook
Outpatient Prescription Drug (Part D)	Benefits defined by plan	Optional Enhanced Part D Plan (<i>if Medical Only Plan selected, no outpatient prescription drug benefit</i>)
Dental Benefits	\$0	Optional Benefit
Routine Vision Benefits	\$0	Optional Benefit

Medical (and Dental/Vision, if elected) benefits are the same under the Advantage 65 Plans and the Advantage 65-Medical Only Plans.

How does the State Retiree Health Benefits Program coordinate with Medicare?

- If you choose to maintain coverage under the State Retiree Health Benefits Program when you and/or your covered family members become eligible for Medicare, you must enroll in Medicare Parts A and B (Original Medicare) to receive supplemental medical benefits through any of the Advantage 65 Plans. (Optional dental and routine vision benefits, if elected, do not coordinate with Medicare since Medicare generally does not pay any level of benefits for those services.)
- If you are eligible for Medicare, the Advantage 65 Plans will generally only pay your medical claims after Medicare pays its benefit. Medicare is primary (it pays first) and Advantage 65 is secondary (it pays the supplemental benefit). Enrollment in Medicare Part A and B is usually automatic if you are already getting Social Security retirement benefits before you turn age 65. If you aren't getting Social Security benefits, you can usually still get Medicare benefits at age 65, but you must contact Social Security to enroll—you may not get Medicare information sent to you automatically. If you do not enroll in or if you decline Medicare Part B, valuable benefits may be lost because the state plan will not pay for medical services that should have been covered by Medicare, regardless of whether you have exercised your right to enroll. It is the retiree group enrollee's responsibility to ensure enrollment in Medicare Parts A and B immediately upon eligibility for him/herself and his/her covered family members. If you are eligible for Medicare at the time of retirement (or start of long-term disability), you must notify the Social Security Administration of your change in employment status so that it will properly coordinate your Medicare benefits. Medicare will become your primary coverage (with limited exceptions) upon your termination of active employment. This also includes your Medicare-eligible family members' coverage that is based on your employment status.
- If you elect the Advantage 65 or Advantage 65 + Dental/Vision Plans, you will be submitted for enrollment in the enhanced Medicare Part D (outpatient prescription drugs) plan that is a part of that coverage. If the enrollment is approved by Medicare, your premium will include that drug coverage. The state program is generally unable to override a denial of Part D enrollment by Medicare, so if Medicare denies your state Medicare Part D plan enrollment, or disenrolls you at any time, you will be moved to a Medical-Only plan, and your premium will be adjusted accordingly. To facilitate successful enrollment in the state program's Medicare Part D plan, be sure to carefully complete your retiree group enrollment form to include the information that appears on your red, white and blue Medicare ID card. Failure of the state plan's submission to match the demographic information at Medicare will result in denial of coverage. Be sure to confirm your current Medicare Number (on your Medicare ID card) and

include it in the designated section of your enrollment form. If you enroll in a Medicare Part D plan outside of the state-sponsored coverage, you may not maintain the state program's Part D plan. If you fail to respond to requests for information regarding your Part D enrollment, you may be denied the opportunity to enroll back to your original enrollment date. A break in your coverage will result in loss of eligibility for the state program's Medicare Part D plan.

- If you elect the Advantage 65—Medical Only or Advantage 65—Medical Only + Dental/Vision Plans, you will not have any outpatient prescription drug coverage under the state program. If you do elect one of these plans, you are encouraged to seek other, non-state-sponsored Medicare Part D coverage or other creditable coverage to ensure that you do not have to pay a higher premium for Part D coverage later.
- If you enroll in one of the Medical-Only Plans or are moved to Medical-Only coverage due to denial or termination generated by Medicare, you may not elect state-sponsored Medicare-coordinating coverage that includes outpatient prescription drug/Part D benefits at a later time.

When I become eligible for Medicare, can I waive my Medicare coverage and maintain my full-coverage plan in the state program?

No, as a retiree group participant (no longer covered based on current/active employment), you must enroll in a state program plan that coordinates with Original Medicare immediately upon eligibility. If you fail to enroll in Medicare Parts A and B, you will have a gap in coverage since the Advantage 65 Plans will not pay for any services that would have been covered by Medicare had you been enrolled. This is an important provision of the state program and governed by federal guidelines. It is to the benefit of the state program and its participants to have Medicare pay its primary benefit per Medicare Secondary Payer guidelines. This helps to control the claims expense of Medicare-eligible retiree group participants, and lower claims expense helps to control the plans' premium costs.

How do I Enroll in Medicare and Advantage 65?

At least three months before any retiree group enrollee or covered family member becomes eligible for Medicare, take the following steps:

Medicare Enrollment

- Visit your local Social Security office or call 1-800-772-1213 for information about enrolling in the Original Medicare Plan. As a Medicare-eligible retiree group participant, you must be sure that Medicare coverage is effective immediately upon eligibility (or immediately upon retirement or start of LTD coverage if you are eligible for Medicare prior to or upon that date). If you are already enrolled in Medicare at the time of retirement or start of LTD, be sure to advise the Social Security Administration (1-800-772-1213) and Medicare (1-800-MEDICARE) of the date that your coverage as an active employee will end so that your coverage as a retiree group participant will be correctly coordinated. Failure to notify Social Security of your change in employment status could result in a delay in your Medicare primary benefit coverage. You may direct any coordination of Medicare benefits problems to the Medicare Coordination of Benefits Contractor at 1-855-798-2627.
- Be sure to carefully coordinate your enrollment in Medicare Parts A and B with enrollment in the State Retiree Health Benefits Program's Advantage 65 Plans so that coverage starts at the same time. Your Medicare Initial Enrollment Period (IEP) lasts for seven months (starting three months before your eligibility month); however, waiting until the last four months of your IEP may result in a waiting period for coverage to begin in Medicare Part B. Be sure that you

discuss your enrollment responsibilities with the Social Security Administration so that you do not miss your opportunity to enroll.

- If you declined Medicare Part B because you continued to be covered based on current/active employment, you may exercise a Special Enrollment at any time you are covered based on current employment or within the eight months that follow termination of that coverage. If you have maintained active coverage since your initial Medicare eligibility, you should be able to exercise the Special Enrollment without any premium penalty. Please note, however, that you may not exercise a Special Enrollment during your Initial Enrollment Period. Be sure to work closely with Medicare to ensure your timely enrollment in Original Medicare to coincide with your loss of coverage due to current/active employment.
- You may get your Medicare Part D prescription drug coverage through the state program by electing the Advantage 65 or Advantage 65 + Dental/Vision Plan (contingent upon approval by Medicare). If your enrollment in the state's Part D plan is denied by Medicare, you will be moved to a Medical-Only plan, and your premium will be adjusted accordingly. The state program generally cannot override a denial by Medicare. If you elect the Advantage 65—Medical Only or Advantage 65—Medical Only + Dental/Vision Plan, you will not have outpatient prescription drug coverage under the state program and should consider other options. At any time, if you enroll in a non-state-sponsored Medicare Part D plan, you will be disenrolled from the state's Part D plan and may not return to that coverage at a later date.
- **Medicare and You**, a helpful guide to Medicare coverage, and other subject-specific Medicare publications are available by calling 1-800-MEDICARE or by visiting the Medicare website at www.medicare.gov.
- If you enroll in a Medicare Advantage Plan, including Medicare Private Fee-For-Service Plans, HMOs, PPOs and Special Needs Plans (instead of the Original Medicare Plan), and do not disenroll from the Advantage 65 Plan, Advantage 65 will not pay for services received through Medicare Advantage. You should consider carefully whether you wish to maintain coverage in the state program under these circumstances since your benefit will be limited. However, if you leave the state program, you may not return. Your disenrollment will result in the disenrollment of any covered family members.

Advantage 65 Enrollment

- New retiree group participants are required to enroll within 31 days of their retirement date (or loss of active coverage due to start of LTD). However, early application for coverage will facilitate a smooth transition from active to retiree group coverage. All retiree group enrollees and their covered family members who are eligible for Medicare and wish to maintain coverage in the state program must select one of the Advantage 65 Plans to ensure coordination with Medicare. If you are electing an Advantage 65 Plan that includes outpatient prescription drug coverage, your enrollment must be approved by Medicare (see “Medicare Enrollment” above).
- Enrollment in Advantage 65 with Dental/Vision is automatic if:
 - you are already enrolled in the State Retiree Health Benefits Program when you or a covered family member becomes eligible for Medicare; and,
 - you do not decline coverage, make another election or leave the program.
- If you are already enrolled in the State Retiree Health Benefits Program, you will receive notification of the effective date for your Advantage 65 with Dental/Vision coverage before your 65th birthday month. You will also receive information regarding your other options. If you do not decline coverage or make another plan choice, you will automatically receive your Advantage 65 with Dental/Vision ID cards. If Medicare approves your enrollment, you will receive your prescription drug card from Express Scripts. If your state-sponsored Medicare

Part D coverage is denied by Medicare, you will be moved to medical-only coverage, and your premium will be adjusted to reflect that plan change.

- If you or any covered retiree group family members become eligible for Medicare before age 65 and wish to continue coverage under the State Retiree Health Benefits Program:
 - Enroll in Medicare-coordinating coverage by submitting an Enrollment Form prior to your Medicare eligibility date to the appropriate recipient listed on page 9.
 - It is your responsibility to notify VRS, or the Benefits Administrator who administers your eligibility, if you become eligible for Medicare prior to turning age 65. **Failure to do so will result in retraction of primary payments made in error** (when Medicare should have been the primary payer) **and a gap in your coverage until your Medicare enrollment is complete.**
 - You can obtain a Retiree Enrollment Form from the Virginia Retirement System by calling 1-888-827-3847 or by going to the VRS website at www.varetire.org. Forms are also available at the Department of Human Resource Management website at www.dhrm.virginia.gov.
 - Once you have enrolled in or defaulted to coverage in an Advantage 65 with Dental/Vision Plan, you will receive new ID cards from Anthem Blue Cross and Blue Shield for your medical, dental, and vision coverage and from Express Scripts for your outpatient prescription drug coverage (if your enrollment is approved by Medicare). However, if you elect one of the medical-only plans, you will receive only an Anthem card since you will not have outpatient prescription drug coverage through the state program.
 - Your behavioral health supplementary coverage is administered by Anthem.

How will my prescription drug benefit work under the Advantage 65 Plan?

If you enroll in the Advantage 65 Plan or Advantage 65 with Dental/Vision, you will be submitted for enrollment in the state program's enhanced Medicare Part D plan. Upon approval by Medicare, you will experience some changes in the way that your coverage works. Some highlights include:

- You will have a formulary, a list of covered drugs. Generally, drugs that are not on the formulary are not covered. Be sure to check the drugs that you are taking at the time of your plan change to ensure that they are on your Medicare Part D plan's formulary.
- You will have a \$590 annual deductible for covered brand-name drugs (2025), but there is no deductible for covered generics. The deductible doesn't apply to covered insulin products and most adult Part D vaccines, including shingles, tetanus and travel vaccines.
- All covered drugs are assigned to a tier, and the tier indicates the amount that you will pay for your drug.

Upon Medicare's approval of your enrollment, you will receive a welcome kit from Express Scripts containing important plan information and instructions on how to obtain a copy of the Evidence of Coverage and/or Formulary. You will also receive a Member Handbook insert that describes your drug benefits. There is a separate Retiree Fact Sheet "Prescription Drugs – Medicare-Eligible Participants."

What are the consequences if I don't enroll in Medicare when I become eligible?

As a retiree, survivor or LTD participant (or their covered family members), you are no longer covered based on current employment. Therefore, per Medicare Secondary Payer Guidelines*, Medicare becomes your primary coverage. An important provision of the State Retiree Health Benefits Program requires that participants enroll in a Medicare-coordinating plan immediately upon ELIGIBILITY for Medicare if they wish to maintain state program participation. If it is determined that a retiree group participant is eligible for Medicare and has not enrolled in a Medicare-coordinating plan, he or she will be placed in Medicare-primary status immediately. In addition, primary payments made in error by the state program will be retracted back to either the Medicare claim filing limit, the date of Medicare eligibility, or the date that retiree group coverage began, whichever is later. It will then be the responsibility of the participant to arrange for submission of retracted claims to Medicare. If participants have declined their Medicare Part B coverage, it could result in a delay in Part B enrollment, a higher Part B premium, and a critical gap in coverage until Part B goes into effect. The state plan will not pay any claims that should have been paid by Medicare had the participant properly enrolled in Medicare coverage. In addition, failure to enroll in Medicare Part D upon initial eligibility could result in a higher Part D premium.

*Some exceptions exist when eligibility for Medicare is due to End Stage Renal Disease. Contact Medicare for more information.

I was covered by COVA Care or COVA HealthAware immediately before Medicare eligibility. Will my claims administrators remain the same under the Advantage 65 Plans?

When moving from COVA Care or COVA HealthAware to any of the Advantage 65 Plans, you will experience some changes in your claims administration.

- Your medical claims should be submitted first to Medicare for primary coverage and then submitted to Anthem for secondary coverage. This includes any claims for behavioral health. Once your provider submits your claim to Medicare, it generally “crosses over” automatically for secondary coverage at Anthem. In most cases (except as specifically designated as covered services in your Member Handbook), claims denied by Medicare will not be eligible for any benefit.
- If you enroll in dental and vision coverage, your claims should be submitted directly to the appropriate claims administrator (Anthem Blue View Vision for vision services and Anthem Dental for dental services) since dental and routine vision services are generally not covered by Medicare. Be sure to confirm services covered under this dental/vision option since they differ from coverage under the non-Medicare-coordinating plans.
- If you elect the Advantage 65 or the Advantage 65 + Dental/Vision Plans, your outpatient prescription drug coverage will be administered by Express Scripts. However, enrollment in this enhanced Medicare Part D plan must be approved by Medicare (see “Medicare Enrollment”).
- If you enroll in the Advantage 65—Medical Only Plan or the Advantage 65—Medical Only + Dental/Vision Plan, you will no longer have outpatient prescription drug coverage through the state program, and you will not have the opportunity to add this coverage again in the future. Under those circumstances, you are encouraged to enroll in a non-state-sponsored Part D plan or other creditable coverage to avoid a higher Part D premium if you enroll at a later date.

I am covering my entire family. Can I continue to cover non-Medicare-eligible family members after I become eligible for Medicare?

In the retiree group, all plan choices are based on Medicare eligibility. For example, if two family members are covered and one is eligible for Medicare but one is not, the Medicare-eligible family member must choose a Medicare-coordinating plan and the non-Medicare-eligible member must choose a non-Medicare plan. However, no family group will be required to pay more than the family membership premium level for the non-Medicare plan in which the non-Medicare-eligible family members are enrolled.

Be sure to review the “**Eligibility, Enrollment and Plan Choices**” **Fact Sheet**, for more information on plans and enrollment guidelines.

If I live or travel outside of the United States, will I have coverage under any of the Advantage 65 Plans?

The Advantage 65 Plans provide an out-of-country major medical benefit. Please see your Medicare-Coordinating Plans Member Handbook for more information.

The Original Medicare Plan generally does not cover health care while you are outside of the United States and its territories. There are some rare exceptions that provide coverage for inpatient hospital services that are received in Canada or Mexico. Contact 1-800-MEDICARE for more information.

Participants who live abroad are not eligible for Medicare Part D since they do not reside in a Part D service area and, therefore, are restricted to coverage under the Advantage 65—Medical Only plans.

If you incur claims while traveling abroad, you will generally have to pay for services and submit a claim for reimbursement under your out-of-country major medical benefit. Covered services and benefits are listed in your Member Handbook and must be medically necessary and prescribed or performed by a provider licensed to provide those services. Reimbursement would be based on the allowable charge when procedure codes are available with the claim or, if not, generally based on the actual charge. Thus, if you're planning to travel abroad, be sure to check your on hand supply of prescription medications to ensure that you have an adequate supply to maintain adherence to your medication regimen while traveling out of the country

What is the Premium Cost for the Advantage 65 Plans?

All Medicare-coordinating plan memberships are single; that is, every participant has his or her own single membership and ID number. Following are the premium rates for January 1 - December 31, 2025.

Plan	2025 Monthly Premium
Advantage 65	\$295
Advantage 65 + Dental/Vision	\$350
Advantage 65—Medical Only**	\$177
Advantage 65—Medical Only + Dental/Vision**	\$232

**These plans do not include prescription drug coverage

What should I present to my providers (doctors, pharmacies, hospitals) as an Advantage 65 Plan participant?

In general for doctor or hospital care, present your red, white and blue Medicare card and your Advantage 65 card from Anthem Blue Cross and Blue Shield. For outpatient prescription drugs, present your Express Scripts card at participating pharmacies. If enrolled in the dental/vision option, present your Anthem Blue Cross and Blue Shield card for dental and vision services. You should also submit your Anthem card for services specifically covered by your Advantage 65 Plan but not covered by Medicare (e.g., routine hearing, out-of-country services or at-home recovery services).

What is Option II?

Option II (Medicare Supplemental) is a Medicare supplemental plan that was replaced by the Advantage 65 Plans. Only existing participants may maintain coverage in this plan. Option II participants have the same prescription coverage as participants in the Advantage 65 and Advantage 65 with Dental/Vision plans. Option II participants who wish to get prescription drug coverage outside of the state program may elect the Advantage 65—Medical Only Plans, thereby maintaining only their medical supplemental coverage (and dental/vision if applicable) through the state program. There is no medical-only coverage available under Option II. If any Option II member is disenrolled from the state-sponsored Medicare Part D plan, he or she will be moved to an Advantage 65—Medical Only Plan.

Option II participants should consult their annual rate notification booklet for additional information about moving to the Advantage 65 Plan.

If I select Advantage 65 with Dental/Vision when I become eligible for Medicare, will there be differences in coverage for the routine dental and vision benefit?

Yes, be sure to consult your Member Handbook inserts to ensure that you understand your dental and vision benefits under the Advantage 65 Plan if you are enrolled in that option. Anthem Blue Cross and Blue Shield is the Dental Claims Administrator. The Vision benefits are administered by Anthem Blue View Vision.

**If I Need to Enroll in Advantage 65 or Make any Allowable Change,
Where Do I Send My Enrollment Form?**

If You Are:	Send Completed Form To:
A New Retiree, New Survivor of a State employee, or New LTD participant	Your Former Agency Benefits Administrator
A Current VRS Retiree, Current Survivor or Current VSDP LTD participant	Virginia Retirement System P. O. Box 2500 Richmond, VA 23219-2500
A Non-Annuitant Survivor (not receiving a VRS survivor annuity)	Department of Human Resource Management - OHB 101 N. 14 th Street, 13 th floor Richmond, VA 23219
All Other Retirees (e.g., ORP or Local Retirees)	Your Pre-Retirement Agency Benefits Administrator

When I move to Advantage 65 coverage, will I get new ID cards?

Yes, you will receive an ID card from Anthem Blue Cross and Blue Shield for your Advantage 65 Medicare supplemental coverage. Anthem Blue Cross and Blue Shield is the claims administrator for medical, vision, dental coverage. If you are enrolled in the outpatient prescription drug coverage under the Advantage 65 Plan, you will receive an ID card from Express Scripts once approved by Medicare.

Where can I get more information about the State Retiree Health Benefits Program?

Go to the Department of Human Resource Management website at www.dhrm.virginia.gov/hbenefits/retirees/medicareretiree.html for more information about Advantage 65 and how it works with Medicare.

Go to www.medicare.gov or www.ssa.gov for more information about Medicare.