



4317 Lead Avenue SE, Albuquerque, NM 87108
(505) 265-2300 www.sclonm.org

TRANSITIONING BETWEEN MEDICARE, HEALTH INSURANCE EXCHANGES, and MEDICAID

1. What is Medicare?

Medicare is the federal health insurance program for people who are 65 or older, certain younger people with disabilities,¹ and people with End-Stage Renal Disease, no matter what income. When people pay taxes on their income, part of the money goes toward Medicare.

2. What is a Health Insurance Exchange?

Also known as a Health Insurance “Marketplace,” the Health Insurance Exchange (HIE) is a new, state-based system authorized by the federal Affordable Care Act through which individuals and employers can purchase private comprehensive health insurance coverage. Special financial relief for premium and cost-sharing costs is only available for insurance purchased through HIEs.

3. What Is Medicaid? Who Does Medicaid Cover?

Medicaid is a health coverage program jointly funded by the federal and state governments, and administered by the state. Beginning with 2014 New Mexico will call its Medicaid program “**Centennial Care**.” Medicaid covers many groups, including (as of January 1, 2014) a new “Medicaid Expansion” group of low income adults under age 65. While most Medicaid groups get comprehensive coverage, there are also some limited-benefit groups, the most familiar of which are “QMB,” “SLMB,” and “QI.” QMB covers a beneficiary’s *Medicare* premiums and cost-sharing; the other two, Medicare Part B premiums only. Coverage under any Medicaid category also results in help with some Medicare drug coverage costs.

4. Medicare and Health Insurance Purchased Through a HIE

If an individual approaching Medicare eligibility age (65; younger, if disabled) has health insurance purchased through a HIE, they should plan for likely *transitioning out of* that insurance. This is because a Medicare beneficiary has little if any need for it, and is no longer eligible for the premium tax credits and cost sharing assistance, if any, s/he receives through the

¹ An individual is eligible for Medicare if s/he has been on Social Security Disability Insurance for two years.

HIE. The premium tax credit and cost sharing assistance an individual receives through a HIE automatically terminate when that individual becomes eligible for Medicare. Affected individuals will want to be familiar with their *Initial Enrollment Period* for Medicare, to avoid coverage gaps and “late enrollment” penalties, and/or months of duplicative coverage. They will need to give reasonable notice of termination (do it in writing!) to their insurer, at least 14 days in advance.

As part of this transition planning, individuals will also want to familiarize themselves with important Medicare choices they can make --- including signing up with “Medicare Advantage” and/or Drug Plans, or purchasing “Medigap” insurance --- and *when* they can make these choices. Keep in mind, Medicare Advantage Plans, Drug Plans, and “Medigap” policies cannot be purchased on a HIE. Individuals should also look into whether they might be eligible for *Medicaid* coverage, and/or for “*Extra Help*” financial assistance with Medicare drug coverage costs (a/k/a “LIS”). SCLO’s brochure entitled “Got Medicare? Get Help with Costs” describes the income and resources limits for these programs.

[[NOTE: *The insurance coverage you may have heard will enable you to delay Medicare coverage without penalty is just employer-sponsored group health coverage based on an individual or spouse’s actual, current employment, including coverage offered through a Small Business Health Options plan]].*

5. Medicaid and Health Insurance Purchased Through a HIE.

People with most types of Medicaid coverage do not have to purchase health insurance through a HIE (though they might get such coverage through an employer). Also, people with Medicaid coverage are not eligible for premium tax credits on a HIE, so the cost of insurance through a HIE would probably be too expensive for them. Individuals who have purchased health insurance through a HIE, and later become Medicaid eligible should prepare for possible *Medicaid* application and enrollment hurdles, including how income and assets are counted for some Medicaid eligibility groups. In addition, they must prepare to notify their insurer of any proposed termination, as discussed in point #4.

6. Expanded Medicaid and Medicare

Individuals eligible under the new “Medicaid Expansion” coverage for adults *lose* that coverage when they become eligible for Medicare, at 65, or younger if they are disabled. Those who lose coverage under Medicaid Expansion because they become eligible for Medicare, may still qualify for other types of Medicaid (see # 3), depending on their income and resources. They should look into whether they might be eligible for other Medicaid coverage, and should be prepared to have to navigate some administrative enrollment hurdles, including how income and assets are counted for some Medicaid eligibility groups.