

HSA CHANGES ONCE ENROLLED IN MEDICARE

Am I required to enroll in Medicare?

If your C&MA employer has fewer than 20 employees, and you decide to stay enrolled in the Alliance Health Plan once eligible for Medicare, the Alliance health plan requires you as the Medicare-eligible employee or spouse to enroll in **Medicare Part A** (Hospital), **Part B** (Medical/Out-patient), and **Part D** (Prescriptions) effective your Medicare-eligibility date. The medical portion of your coverage on the Alliance Health Plan becomes Medicare Primary effective your Medicare-eligibility date. Your Medicare eligibility date is the first day of the month of your 65th birthday, unless your birthday falls on the 1st of the month. In this case, your Medicare eligibility date is the 1st day of the month prior to the month of your birthday. Because we require enrollment in Medicare Part A, Part B, and Part D, we offer a Medicare Discount to your Employer in the amount of \$177.34 per month, for employees only. This discount is not available for spouses required to enroll in Medicare. To begin the discount, the participant must provide a copy of their Medicare card to Alliance Benefits showing enrollment in Part A, Part B, and Part D effective their eligibility date.

Once the employee is enrolled in Medicare, contributions can no longer be made to the employee's HSA, per IRS guidelines.

The Alliance Health Plan monthly premium includes a contribution to the participant's HSA, for participants eligible for an HSA. Alliance Benefits must be notified of Medicare status and will no longer charge the Employer the HSA contributions once a participant is on Medicare.

Note: Spouse Medicare status does not affect the employee's eligibility for contributions to their HSA account.

A participant's annual maximum contribution for the year is pro-rated when the participant goes on Medicare.

To calculate your annual maximum allowable HSA contribution, divide the full year maximum by 12, then take that amount times the number of months the participant is eligible to contribute to their HSA prior to starting Medicare.

2020 Examples:

At age 55–64, a participant with Employee + Spouse coverage on the Alliance plan is eligible for an annual maximum of \$8,100 in 2020. If the participant begins Medicare 7/1/20, they are eligible to contribute for 6 months (Jan–Jun 2020), so their annual maximum is prorated to \$4,050.

At age 55–64, a participant with Employee Only coverage is eligible for a total annual maximum of \$4,550 in 2020. If eligible to contribute for 6 months (January–June 2020), the annual maximum is pro-rated to \$2,275.



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All HSA contributions made to a participant's account prior to enrolling in Medicare belong to the participant.

This is true for the participant even after contribution eligibility ends and/or if the participant ends employment. HSA money can be used toward eligible healthcare expenses until the HSA account balance is \$0. After retirement, HSA savings can be used toward Medicare monthly premiums.

Additional Resources:

It is important to note that it is the participant's responsibility to comply with IRS rules regarding their HSA. Alliance Benefits is not responsible for ineligible employee contributions to an HSA or for tax penalties which may be incurred by the employee if their annual maximum contribution amount is exceeded. For additional resources, we recommended the following:

- For IRS Guidelines regarding HSAs, visit livelyme.com/medicare-and-hsas-what-you-need-to-know.
- Alliance Health Plan Participants may access their HSA through Lively by visiting livelyme.com.



Introducing Medicare Transition Services

The Alliance is now partnering with Medicare Transition Services. They provide licensed advisors that can help you decide if Medicare is right for you. If you are eligible for Medicare and still working, you have an option of continuing with your employer's health plan or enrolling in a Medicare plan. Medicare Transition Services can assist you and your loved ones on how to better understand the ins and outs of Medicare. This new service comes at **no cost** to you and includes:

- Education about Medicare for you and your loved ones
- Guidance through your Medicare journey
- Information on your health care options
- Assistance with plan review and selection

For more information about Medicare Transition Services:

- Visit medicaretransitionservices.com or
- Speak with a licensed Medicare representative by calling (888) 413-3106
(available Monday through Friday, 9:00 a.m. to 6:00 p.m. ET)

