



## Important Information regarding Medicare and group coverage

### *We would like to clarify an important issue regarding Medicare and group coverage -*

If a member is eligible for Medicare Part B but chooses not to elect it when initially eligible, they are still considered Medicare-eligible. **Regence will pay claims as primary for Medicare-eligible members if they have not selected Part B.** If a member enrolls in Part B and they are enrolled in a group that is fewer than 20 employees (based on group size as defined by Medicare), Regence will pay secondary. This is true for our existing product portfolio as well as for our new product portfolio - Innova, Engage, Activate and Regence HSA 2.0.

As a reminder for groups with 20 or more employees, the process has not changed. If the member is over 65, did not enroll in Medicare Part B and the group has 20 or more employees, then Regence would be primary and claims would be processed from our allowed amount as the primary insurer. Medicare would be considered the secondary insurer and would process any balances after Regence has paid its benefits. Group size is based on Medicare's definition of a group with 20 or more employees (see below), not the number of employees enrolled in the Regence Plan. Having a 20+ group as defined by Medicare causes the TEFRA/DEFRA rules come in to play. Please reference TEFRA/DEFRA information below:

### **Age 65 and Over, Still Actively Employed (TEFRA/DEFRA)**

Effective 1/1/83, TEFRA made Medicare the secondary insurer for beneficiaries who are age 65 and over but still actively employed by the firms with 20 or more employees. The rules are based on the number of people **employed** by the firm (including part-time employees), not the number of people who are insured by us. Medicare defines a group as having 20 or more employees if there are 20 or more full-time employees and/or part-time employees every working day in each of 20 or more calendar weeks in the current calendar year or the preceding calendar year.

Effective 1/1/85, DEFRA extended this same rule to a spouse who is age 65 and over with our enrolled employee still being actively employed by a firm with 20 or more employees. Again, the rule is based on the number of people **employed** by the firm (including part-time employees), not the number of people who are insured by us.

If the Medicare beneficiary is enrolled in a multi-employer plan, the number of people employed by his/her **firm** determines whether Medicare is primary or secondary, as long as the plan has elected to be treated as individual employers. If the **firm** employs less than 20 people and the above election is made, Medicare is primary regardless of the number people employed by the largest firm insured under the multi-employer plan. (Example: John Smith, age 67, is employed by ABC Company which is insured under XYZ Trust's Plan. ABC only employs 12 people, but XYZ Trust also insures DEF Company that has 95 employees. As long as the Plan has chosen to be treated a separate entities under this rule with an indication of this election, and since Mr. Smith's firm employs less than 20 people and he is over age 65, Medicare is his primary insurer).

If you have questions on this information please contact your local [Sales contact](#).

Thank you.