

# Becoming Medicare eligible while employed at CVS Health®



In general, you become eligible for Medicare when you reach age 65. If you're working for CVS Health and enrolled in a CVS Health medical plan when you become Medicare eligible, or if your spouse/partner turns age 65 while covered by a CVS Health medical plan, options include:





1. Stay enrolled in CVS Health medical coverage and delay Medicare enrollment until you retire without penalties, or
2. Drop CVS Health medical coverage and enroll in Original Medicare coverage (with or without Medicare Supplemental coverage) or Medicare Advantage, or
3. Stay enrolled in CVS Health medical coverage AND add Medicare coverage as secondary coverage.

It's a good idea to start thinking about your choices and related considerations at least six months before your 65<sup>th</sup> birthday, or that of your spouse/partner.

Please note that CVS Health does not sponsor Medicare Supplement (Medigap) or Medicare Advantage plans for active colleagues. Retiree health coverage is available through CVS Health only after employment ends, if you meet eligibility requirements.

## Medicare highlights

Medicare is a federal program that provides health insurance for people ages 65 or older and younger individuals with certain disabilities. It has four parts:

	Coverage	Cost
 <b>Part A: Hospital Insurance</b>	Inpatient hospitalizations and care provided by skilled nursing facilities, hospice and home health.	Generally, no cost if you or your spouse/partner paid Medicare taxes while working. Deductible applies to most services.
 <b>Part B: Medical Insurance</b>	Includes eligible medical services other than a hospital stay, such as outpatient care and medical supplies.	You pay a monthly premium, with a higher premium for higher wage earners. Deductible and coinsurance apply to most services.
 <b>Part C: Private insurance options (Medicare Advantage Plan)</b>	You enroll in Parts A and B, then shop for a Medicare Advantage Plan, covering both hospital and medical costs and often including prescription drug coverage (known as Medicare Advantage Prescription Drug plans, or MAPD). Some include additional benefits, like dental and vision.	Costs vary by plan. Deductible and coinsurance apply to most services.
 <b>Part D: Prescription Drug Coverage</b>	If you enroll in Parts A, B or C, you can choose outpatient prescription drug coverage for an added fee.	Costs vary by plan. Deductible and coinsurance applies.

For more information on Medicare, visit [Medicare.gov](https://www.Medicare.gov).

## Deciding on coverage right for you

Nearing age 65 soon or already there? Start looking at the coverage Medicare offers — see a list of “Additional resources” in this guide. Here are some things to consider:

### Option 1: Stay enrolled in CVS Health medical coverage and delay Medicare enrollment until you retire without penalties

- If you become eligible for Medicare but have **creditable health insurance coverage** through an employer-sponsored plan, you are not required to enroll in Medicare. Creditable coverage is coverage that is certified to be as good as Medicare, such as your coverage through a CVS Health medical plan.
- You may sign up for Medicare Part A or B later without penalty during a **Special Enrollment Period** — generally, the eight-month period that begins the month after your employment or group health coverage ends, whichever happens first.
  - **Note:** There are different rules for domestic partners. To avoid late enrollment penalties, if your domestic partner is covered as a dependent on your CVS Health medical plan, they *must* enroll in Medicare Part B during their own **Initial Enrollment Period**.
- If you're enrolled in a Health Savings Plan (HSP) option and want to make contributions to your Health Savings Account (HSA), you can't be enrolled in **any** part of Medicare — even Part A, which is usually available at no cost.
- If you're enrolled in an HSP option and plan to later enroll in Medicare, be sure to stop all HSA contributions six months before your Medicare enrollment, to avoid IRS penalties. If your Medicare application is filed more than six months after turning age 65, Part A coverage will be retroactive for six months (but not before the first month you're first eligible).

#### Important note about Social Security benefits and Medicare

If you receive Social Security benefits (due to disability or retirement) and reach age 65, you're automatically enrolled in Medicare Part A (hospital insurance), starting the first day of the month you turn age 65. This may impact your decision to enroll in other Medicare plans and whether you remain enrolled in CVS Health medical coverage.

### Option 2: Drop CVS Health medical coverage and enroll in Original Medicare coverage (with or without Medicare Supplemental coverage) or Medicare Advantage

- If you drop *your* CVS Health medical coverage, your covered dependents also lose their coverage under the plan. Covered dependents will be eligible for COBRA coverage for up to 18 months at COBRA rates, which are significantly higher than colleague rates. Factor in this additional cost as you decide which coverage to take.
  - **Note:** COBRA coverage generally is not considered **creditable health insurance coverage** for Medicare Part A or Part B. This means your dependent cannot delay enrolling in Part B while on COBRA without potentially facing a late enrollment penalty if they enroll later.
- Understand your options:
  1. Because Medicare has cost-sharing that can lead to significant out-of-pocket expenses, many people also purchase **supplemental coverage** with Medicare:
    - **Medicare Supplement (Medigap) Plans.** These plans cover out-of-pocket expenses that Medicare Parts A and B do not cover. Examples include Part A and B deductibles or Part B coinsurance. The additional monthly cost for this coverage varies by plan and state.
    - **Medicare Prescription Drug Plans** (Medicare Part D). You'll need to enroll in a Medicare Part D plan if you want prescription drug coverage. (Remember to enroll in Part D when you enroll in Part B to avoid a late enrollment penalty.)
  2. **Medicare Advantage (Part C)** – These are Medicare-approved plans from private companies that offer an alternative to Original Medicare. These “bundled” plans include Part A, Part B, and usually Part D. Plans also may offer additional benefits that Original Medicare doesn't provide and pay benefits on behalf of Medicare. Most Part C plans include prescription drug coverage (Part D), but provisions may be more restrictive.
- Compare overall monthly costs under Medicare and any supplemental plan, if applicable, with your monthly cost for coverage under the CVS Health medical plan.

### Option 3: Stay enrolled in CVS Health medical coverage AND add Medicare coverage as secondary coverage

- You can enroll in Medicare and maintain your CVS Health medical coverage. Your CVS Health coverage will be your **primary** coverage, which means it pays first. Medicare will then evaluate your claim and pay its portion, if any, depending on the service and your Medicare plan. You will be responsible for any costs that aren't paid by your CVS Health medical coverage or Medicare.
  - Look at both Medicare and CVS Health coverage and consider whether Medicare will pay enough as secondary coverage to justify the additional annual cost.
  - **Note:** If you elect to enroll in both CVS Health and Medicare coverage and later become eligible for and enroll in COBRA, your COBRA coverage will be secondary to Medicare and pay as if you are enrolled in Medicare Part B.
- When you enroll in Medicare, you can no longer contribute to your Health Savings Account (HSA) through CVS Health. **Note:** If your spouse/partner enrolls in Medicare while you both continue enrollment in an HSP, and you're not enrolled in Medicare yourself, you can still make contributions to your HSA up to the IRS family maximum contribution.
  - If you enroll in Medicare and remain enrolled in an HSP option, the \$500 or \$1,000 company contribution you receive if your Annual Benefits Base Rate (ABBR) is \$250,000 or less will be deposited in a Health Reimbursement Account (HRA). Unused HRA funds roll over into the next calendar year and can be used as long as you are enrolled in a CVS Health HSP option. The IRS doesn't permit you to make contributions to an HRA.

## How to enroll in Medicare

### Where to enroll



Sign up online through [Medicare.gov](https://www.medicare.gov)



Call Medicare at **1-800-MEDICARE**  
**(1-800-633-4227)**

TTY users can call **1-877-486-2048**

### Did you know?

CVS Health offers a **no-cost** resource to help with your Medicare options. Licensed Medicare advisors at **LIG Solutions** (a Gallagher Company) can help you understand and compare Medicare coverage options including Medicare Advantage, Medicare Supplement and Prescription Drug Plans. To get started, visit [Partner.LIGsolutions.com/CVSHealth](https://Partner.LIGsolutions.com/CVSHealth) or call **1-800-730-8303**.

The CVS Health HR staff, HR Service Center or CVS Retiree Benefits Center cannot answer questions about Medicare and/or Medigap coverage or other Medicare-related issues.

### Timing

- The **Initial Enrollment Period** is when you first become eligible for Medicare. You have up to seven months to enroll without penalty (starting three months before the month of your 65<sup>th</sup> birthday and ending three months after).
- The **General Enrollment Period** occurs each year from Jan. 1 to March 31. If you wait until this period to enroll in Medicare, you may face a late enrollment penalty, unless you maintained creditable coverage.
- There is a **Special Enrollment Period** to enroll in Medicare when you lose creditable coverage. For example, if you retire from CVS Health and are no longer eligible for CVS Health medical coverage, you can enroll in Medicare then. You have up to eight months to enroll without penalty.

For more information on timing and late enrollment penalties, visit: <https://www.medicare.gov/basics/costs/medicare-costs/avoid-penalties>.

### Avoid late enrollment penalties

As long as you remain enrolled in coverage through CVS Health (it's known as **creditable coverage**), you can delay enrolling in Medicare without penalty. When your CVS Health coverage ends, you'll have an eight-month window during which you can enroll in Medicare to avoid the late enrollment penalty.

## Additional resources

- **[Partner.LIGsolutions.com/CVSHealth](https://Partner.LIGsolutions.com/CVSHealth)**: LIG Solutions (a Gallagher company) can help you compare coverage options. Or call **1-800-730-8303**.
- **[Medicare.gov](https://www.Medicare.gov)**: For more information about Medicare, including how to enroll and things to consider. Or call **1-800-MEDICARE (1-800-633-4227)**.
- **[Medicare & You handbook](#)**: The official government handbook, updated and reissued annually, containing all details about Medicare.
- **[BenefitMoments.com](https://BenefitMoments.com)**: For more information about your CVS Health benefits.



Medicare laws and regulations are subject to change. Visit **[Medicare.gov](https://www.Medicare.gov)** for the most current information. For personalized assistance, visit **[Partner.LIGsolutions.com/CVSHealth](https://Partner.LIGsolutions.com/CVSHealth)** or call **1-800-730-8303**.

*This is a brief overview of company benefits and is for informational purposes only. If there's any difference between this and plan documents, official plan documents govern. CVS Health or your employer reserves the right to amend, modify or terminate all or part of its benefit plans at any time. This description isn't an employment contract or guarantee. Colleagues may need to meet certain eligibility requirements to participate. Colleague contributions are not used to pay plan expenses for vendors or other service providers that are subsidiaries of CVS Health, except as may be permitted by ERISA. Union colleagues aren't covered unless their collective bargaining agreement specifically provides for a benefit therein.*