

Medicare and the Consolidated Omnibus Budget Reconciliation Act (COBRA)

The Consolidated Omnibus Budget Reconciliation Act (COBRA) is a federal law that lets certain employees, their spouses, and their dependents keep group health plan coverage (coverage through an employer) for 18 to 36 months after they leave their job or lose coverage for certain other reasons, as long as they pay the full cost of the premium.

This guide explains when and how to enroll in Medicare if:

- You are 65 or older, ending employment, and are offered Medicare
- You are turning 65 soon and are currently enrolled in COBRA



Medicare basics

First, let's review the basics. Medicare is the federal government's health insurance program for U.S. citizens and many permanent legal residents age 65 and older. It also covers some younger people with disabilities or End-Stage Renal Disease. Once you join, it provides coverage for the rest of your life.

Medicare enrollees can choose between two options – Original Medicare or Medicare Advantage. Original Medicare has three forms of coverage:

Part A:

This covers inpatient hospital stays and also limited amounts of inpatient rehabilitation services offered at skilled nursing facilities.

Part B:

This covers doctors' visits and other outpatient care, plus ambulance services, some medical equipment and preventive health care aimed at keeping you from getting sick.

Part D:

This helps cover the cost of prescription drugs, both generic and brand-name.

Medicare Advantage is also known as **Part C**. This is an alternative to original Medicare parts A and B that allows you to choose to receive all of your Medicare health care benefits through a plan from a private insurer.

Medicare Part A and B enrollment for those 65+

If you are eligible for Medicare, ending employment, and are offered COBRA, you should enroll in Medicare Part A and Part B if you had previously delayed enrollment. This is because COBRA pays secondary to Medicare, and you will need to enroll in Medicare in order to have primary insurance and be fully covered.



If you already have Medicare Part A or Part B when you become eligible for COBRA, you must be allowed to enroll in COBRA. Medicare is the primary insurance, and COBRA is secondary. You should keep Medicare because it is responsible for paying the majority of your health care costs. COBRA is typically expensive, but it may be helpful if you have high medical expenses and the plan covers Medicare cost-sharing or offers other needed benefits.

When to enroll

To avoid gaps in coverage, you should use the Part B Special Enrollment Period (SEP) to enroll in Medicare one or two months before employment ends.

You can choose to elect COBRA as secondary or not, depending on the cost, and what other secondary coverage is available.

How to enroll

If you are eligible for premium-free Part A, you can enroll in Part A at any time. To enroll in premium-free Part A, call SSA at 800-772-1213 or visit a local Social Security office (<https://www.ssa.gov/locator>). When you enroll, Part A will be retroactive up to six months.

To enroll in Medicare Part B, you will use the Part B SEP. First, you'll need two forms:

- CMS 40B**
(Application for enrollment in Medicare)
- CMS L564**
(Request for employment information)

You can access these forms online or contact the Social Security Administration (SSA) to request copies.

Fill out and sign CMS 40B and ask your employer to complete CMS L564. Be aware that if you have had job-based insurance from multiple employers since you became eligible for Medicare, you should ask each employer to complete a separate CMS L564 form.

Once you have gathered all needed documents, either go to your local Social Security office to drop off your application or send your application to their mailing address. To find your local Social Security office, visit <https://www.ssa.gov/locator> or call Social Security at 800-772-1213. Be sure to make copies of everything you submit.

You can also use the Part B SEP online at <https://secure.ssa.gov/mpboa/medicare-part-b-online-application>. You will not need form CMS 40B, but you will still need form CMS L564 from your employer. You will be asked to upload it as proof that you had coverage based on current work.

Medicare Part A and B enrollment for those turning 65

If you have COBRA when you turn 65 and become eligible for Medicare, you should enroll in Medicare when first eligible. This is because COBRA pays secondary to Medicare, and you will need to enroll in Medicare in order to have primary insurance and be fully covered.

If you already have COBRA when you become Medicare-eligible, your COBRA coverage usually ends on the date you get Medicare. You should enroll in Part B immediately because you are not entitled to a Special Enrollment Period when COBRA ends. Your spouse and dependents may keep COBRA for up to 36 months, regardless of whether you enroll in Medicare during that time.

Note that you may be able to keep COBRA coverage for services that Medicare does not cover. For example, if you have COBRA dental insurance, the insurance company that provides the COBRA coverage may allow you to drop medical coverage but keep paying a premium for the dental coverage for as long as you are entitled to COBRA. Contact the plan that provides your COBRA coverage for more information.

When to enroll

Enroll during your Initial Enrollment Period (IEP). The IEP is the three months before, the month of, and the three months after your 65th birthday month.

It is best to enroll in Medicare during the three months before you turn 65 so that your Medicare coverage begins on the first day of your birthday month. If you enroll in Medicare later during your IEP, your Medicare start date will be delayed by a few months.

How to enroll

To enroll in Medicare during your IEP:

- Call the SSA at 800-772-1213
- Enroll online at <https://secure.ssa.gov/iClaim/rib>
- Visit a local Social Security office: <https://www.ssa.gov/locator>

Medicare Part D enrollment

You can delay Medicare Part D enrollment without penalty if your COBRA coverage provides creditable drug coverage. Creditable drug coverage is as good as or better than Medicare Part D. Contact your benefits administrator or plan to learn if your COBRA drug coverage is creditable.

If you do not have creditable drug coverage, you should enroll in Part D. If you are turning 65, enroll in Part D during your Initial Enrollment Period. If you are ending employment soon, call 1-800-MEDICARE to use a Special Enrollment Period within two months of ending employment.

Resources

For help understanding COBRA:

- Your Employer's Human Resources or Benefits Department**
First contact your employer with questions about your specific COBRA coverage.
- Department of Labor (DOL)**
<https://www.dol.gov/agencies/ebsa/laws-and-regulations/laws/cobra>
866-444-3272
More information from the federal government's DOL about COBRA coverage

For help understanding Medicare enrollment decisions:

AARP:

- AARP Medicare Enrollment Guide**
www.aarp.org/learnmedicare
877-634-8213
A step by step guide to help you navigate Medicare enrollment
- AARP Live and On Demand Webinars**
www.aarp.org/medicareemployer
Free webinars to help you explore how the program works, how and when to enroll, your menu of choices, how much it costs and where to get help
- Medicare.gov**
www.medicare.gov
800-633-4227
The official US government website for Medicare offering helpful information, useful tools and more
- Medicare Rights Center**
<https://www.medicarerights.org>
800-333-4114
A national, not-for-profit consumer service organization and reliable, independent source of Medicare information
- State Health Insurance Assistance Program (SHIP)**
www.shiphelp.org
877-839-2675
A resource for local Medicare help, providing you with trusted, unbiased, one-on-one counseling and assistance