

LEAVING EMPLOYER COVERAGE: COBRA vs. MEDICARE

COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985) is the ability to extend your employer coverage for typically up to 18 months after leaving work (sometimes longer).

Typically, the cost of COBRA is the full price of insurance plus a small administrative fee (usually around 2%).

Should You Consider Cobra if You're Medicare Eligible?

The answer is typically no.

The cost of COBRA is often the full price of your employer coverage. Monthly prices typically range between \$600-1000 depending on the level of coverage. The full cost of COBRA is usually greater than the cost of Medicare Supplemental, Advantage, and Prescription plans.

Also, Medicare doesn't recognize Medicare as creditable coverage. You'll still need to enroll in Medicare A + B and pay the monthly premiums for Part B. Medicare will be your primary insurance and COBRA will pay second.

In most cases, COBRA will not pay claims that Medicare would have otherwise paid even if you did not sign up for Medicare Part B. This can lead to COBRA denying 80% of your outpatient services.

What Happens if You Delay Medicare Part B Enrollment?

If you elect not to enroll in Part B when you leave work, you have a 8 month Special Election Period (SEP) to enroll in Part B without penalties.

After the 8 month period, you'll be locked out until the following Part B open enrollment period and will not be able to enroll in Part B until July of the following year. If you incurred more than a 12 month gap, you'll be responsible for a 10% lifetime penalty.

However, if you decide to wait the full 8 months before signing up for Part B and decide to elect COBRA, COBRA can still deny Part B claims within the 8 month period that you did not have Part B.

If You Are Considering Cobra and Are Medicare Eligible

As a service provided by your employer, please check in with our team to make sure that you're timing your Medicare Part B enrollment to avoid penalties and ensure coverage.

Our advocates are here to help you or any loved ones through navigating the maze of Medicare.

For any questions or to schedule an appointment with the Doctor's Choice team, please visit wbmason.medicarecheckup.com, email us at help@doctorschoiceusa.com, or give us a call at [1\(800\)656-0894](tel:1(800)656-0894).