

WHEN A MEMBER BECOMES ELIGIBLE FOR MEDICARE

Medicare Members Please note: Employers should seek the advice of their own legal counsel for MSP (Medicare Secondary Payor) interpretation issues or questions.

There are three reasons people become entitled to federal Medicare Health Insurance coverage:

1. Aged Entitlement

A person becomes entitled to Medicare coverage on the first day of the month in which the person reaches age 65 or on the first day of the previous month if the person's birthday is the first of the month.

Example: 65th birthday is 8/2 through 8/31 – Medicare effective date is 8/1.
65th birthday is 8/1 – Medicare effective date is 7/1.

Please note: When an employee becomes eligible for Medicare and continues to work, or when an active employee's spouse becomes eligible for Medicare, he or she is subject to the Working Aged Provision of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). TEFRA (or the Working Aged law) extends an employee's (and spouse's) options for health insurance protection when an active employee or spouse reaches age 65. TEFRA applies to companies that employ a minimum of 20 employees (during at least 20 weeks of the previous or current calendar year).

2. Disability Entitlement

A person, under age 65, becomes entitled to Medicare coverage on the first day of the 25th month in which the person has received Social Security disability benefits.

Example: The first Social Security disability benefit check covers the month of September – Medicare effective date is the September 1st two years later.

3. ESRD Entitlement (End Stage Renal Disease - Permanent Kidney Failure)

A person of any age who is diagnosed with ESRD becomes entitled to Medicare coverage on the first day of the month in which the person is admitted to a hospital to receive a donor kidney; or, on the first day of the month in which the person begins a program of self-administered dialysis at home; or, on the first day of the fourth month following three months of provider-administered dialysis at a health facility.

Examples: The inpatient admission date is May 29th and the donor kidney transplant surgery takes place on June 2nd during that same admission – then, the Medicare effective date is May 1st.

The person begins a program of home dialysis on November 21st – then, the Medicare effective date is November 1st. The person begins a program of dialysis at a facility on April 19th – then, the Medicare effective date is July 1st.

Call Your Account Service Representative for More Information on This Subject

WHEN A MEMBER BECOMES ELIGIBLE FOR MEDICARE

Medicare is the secondary payer and the employer's group plan is the primary payer for certain employers and certain Medicare members under the Working Aged (TEFRA), the Disability, and the ESRD Medicare Secondary Payer (MSP) laws:

MEDICARE IS SECONDARY PAYER WHEN

MSP LAW	EMPLOYER HAS:	MEDICARE MEMBER IS
Working Aged	*20 or more employees	- age 65 active employee - age 65 spouse of an active employee
Disability	**100 or more employees	- under age 65 active employee - under age 65 dependent of an active employee
ESRD	all employers	- under age 65 active employee/retiree - under age 65 dependent of an active employee/retiree

FOR THE FIRST 30 MONTHS OF THE ESRD MEDICARE ENTITLEMENT

* 20 or more full-time and/or part-time employees during 20 or more weeks in the current or previous calendar year. All active employees, including part-time or other employees who may not be eligible for the employer's group health insurance, must be counted to determine if the employer is subject to the Working Aged MSP law.

** 100 or more full-time or part-time employees on a typical business day during the previous calendar year. All active employees, including part-time or other employees who may not be eligible for the employer's group health insurance, must be counted to determine if the employer is subject to the Disability MSP law. Also, employers of fewer than 100 employees who are part of a Joint Purchasing Agreement (JPA) or a Multiple Employer Trust (MET) are subject to the Disability MSP law if at least one employer in the JPA or MET has at least 100 employees.

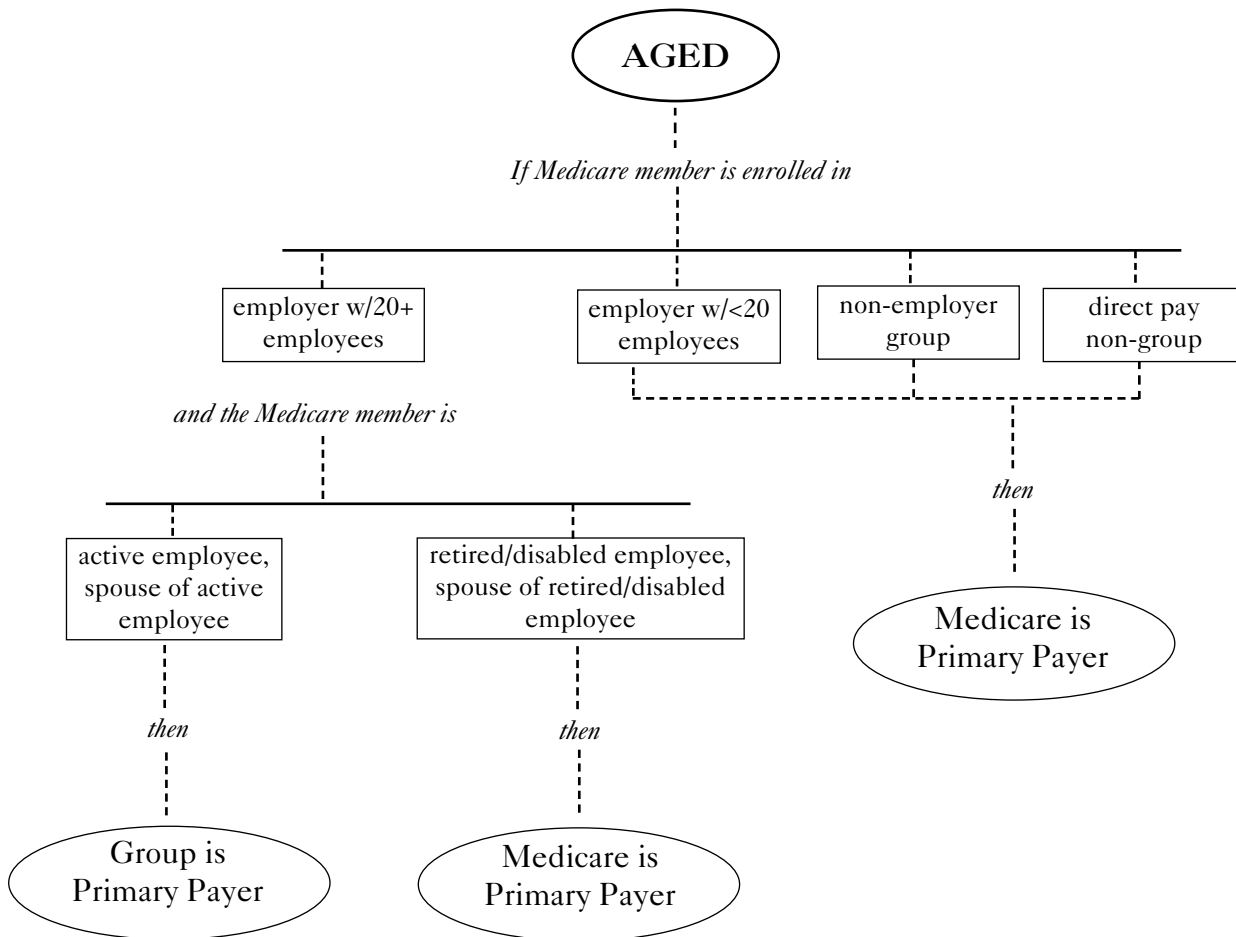
WHEN A MEDICARE MEMBER IS SUBJECT TO A MEDICARE SECONDARY PAYER LAW

That member cannot be enrolled in the employer's group plan that is a Medicare supplement or Medicare wrap or Medicare replacement plan and the employer may not: induce the member to elect Medicare as primary payer (election is allowed under the Working Aged law); or, prevent the member from enrolling in the employer's primary plan; or, sponsor or contribute toward any plan for the member that pays secondary to Medicare.

Call Your Account Service Representative for More Information on This Subject

WHEN A MEMBER BECOMES ELIGIBLE FOR MEDICARE

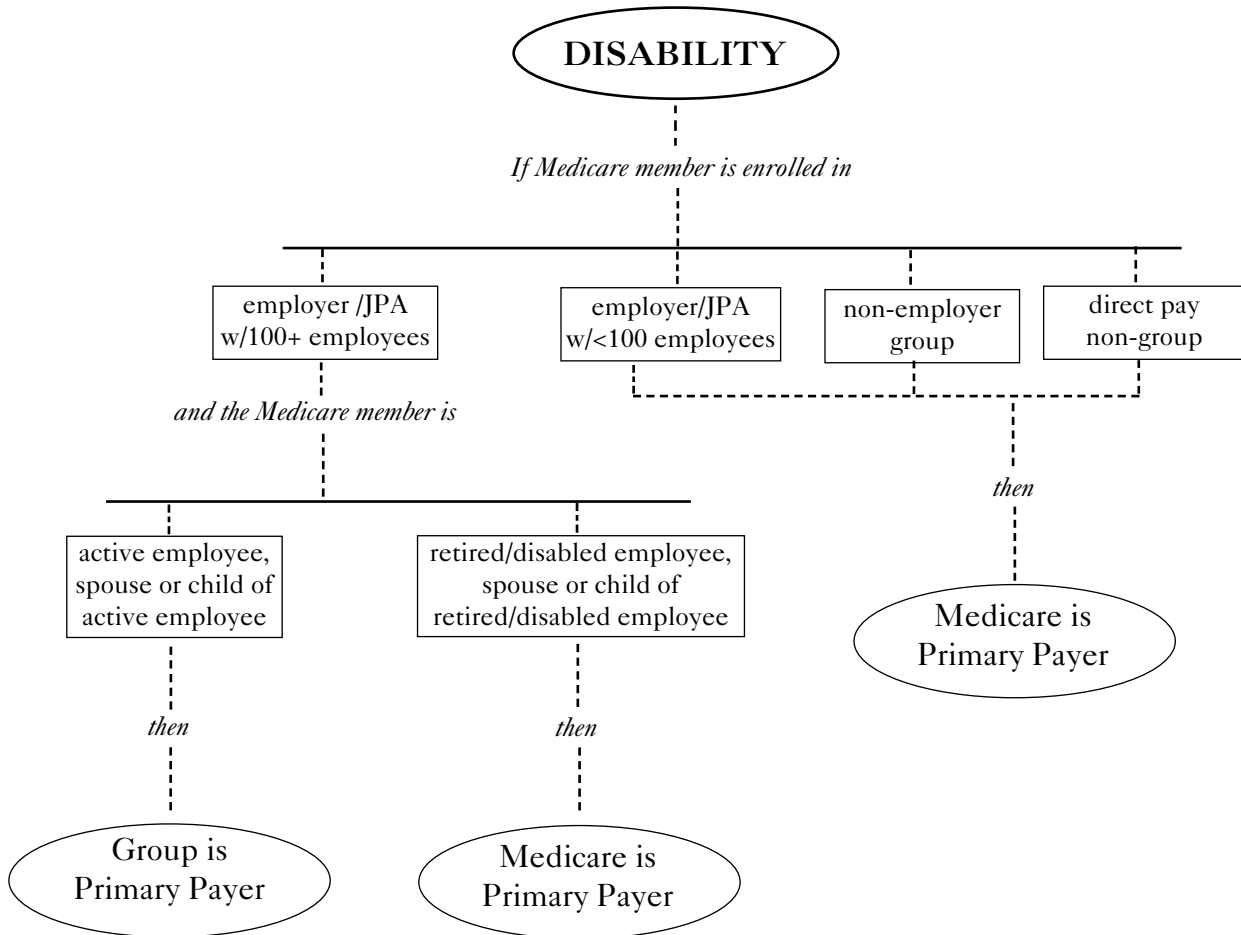
Primacy decision under Medicare secondary payer (MSP) laws when the Medicare member is 65+ and entitled to Medicare based solely on age.



Call Your Account Service Representative for More Information on This Subject

WHEN A MEMBER BECOMES ELIGIBLE FOR MEDICARE

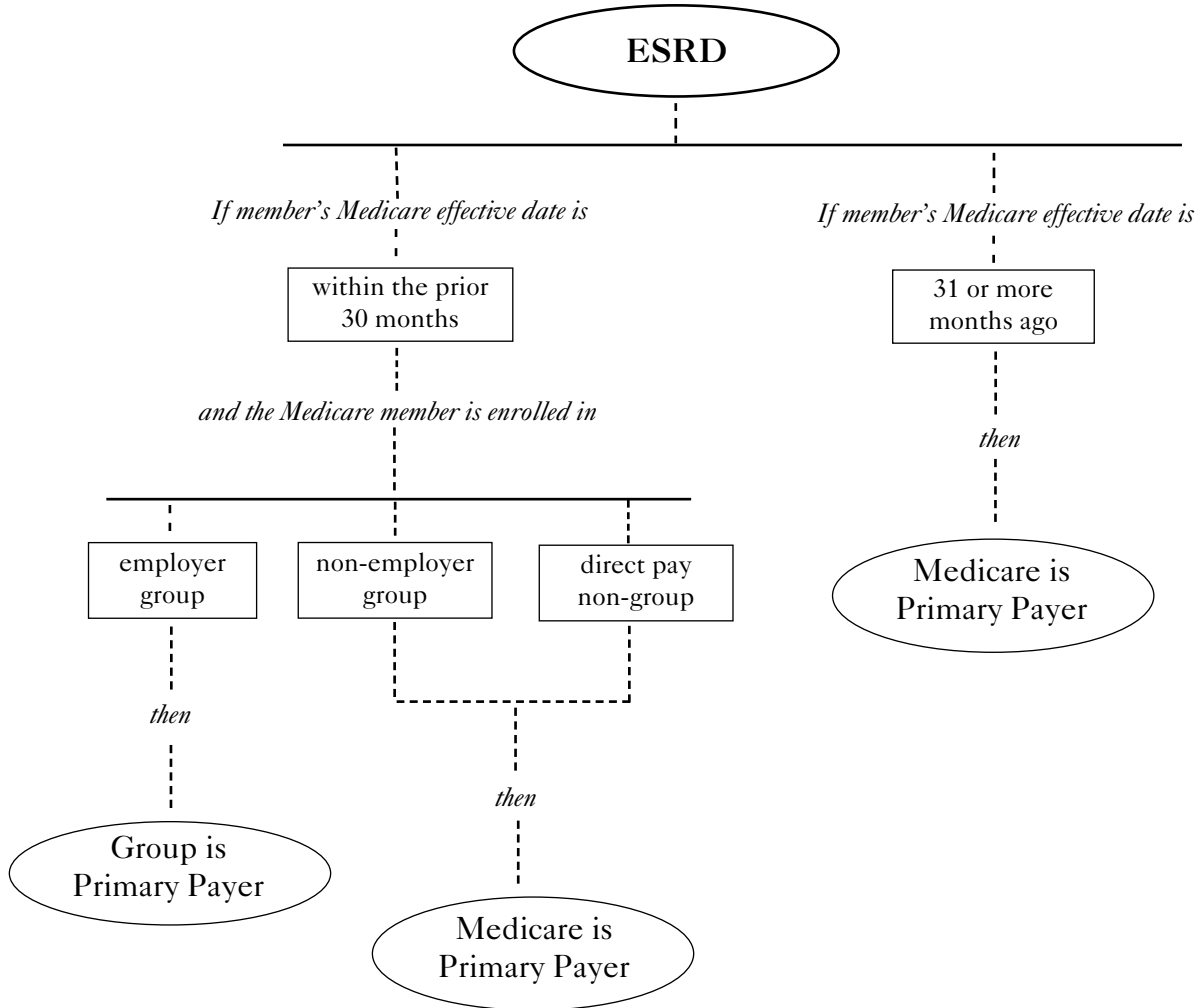
Primacy decision under Medicare secondary payer (MSP) laws when the Medicare member is entitled to Medicare based solely on disability.



Call Your Account Service Representative for More Information on This Subject

WHEN A MEMBER BECOMES ELIGIBLE FOR MEDICARE

Primacy decision under Medicare secondary payer (MSP) laws when the Medicare member is <65 and entitled to Medicare based solely on end stage renal disease (ESRD).



Call Your Account Service Representative for More Information on This Subject

WHEN A MEMBER BECOMES ELIGIBLE FOR MEDICARE

Dual Medicare Entitlement

Dual Medicare entitlement means that a person is entitled to Medicare based on ESRD and Age 65, or, based on ESRD and Disability. The ESRD entitlement can precede the Age 65/Disability entitlement or the Age 65/Disability entitlement can precede the ESRD entitlement.

If Medicare is the member's legal primary payer when dual entitlement becomes effective, Medicare remains the member's primary payer. Otherwise, the employer's plan remains primary payer during the first 30 months of the member's ESRD Medicare coverage.

For Members Enrolled in an Employer's Group Health Plan

A. When the ESRD entitlement precedes the Age 65/Disability entitlement and the Age 65/Disability Medicare effective date is within the first 30 months of the member's ESRD Medicare effective date then the employer's plan remains primary payer until the end of the 30-month period. Thereafter, Medicare becomes and remains primary payer for as long as the member remains dual Medicare entitled.

Example: ESRD Medicare is effective 6/1/99. Age 65/Disability Medicare is effective 2/1/00. **Result:** Employer's plan is primary until 11/30/01. Medicare is primary 12/1/01 and remains so thereafter.

B. When the ESRD entitlement precedes the Age 65/Disability entitlement but the Age 65/Disability Medicare effective date is after the first 30 months of the member's ESRD Medicare effective date then Medicare remains primary payer for as long as the member remains dual Medicare entitled.

Example: ESRD Medicare is effective 9/1/96. Age 65/Disability Medicare is effective 5/1/99. **Result:** Medicare is primary 3/1/99. Medicare remains primary.

C. When the Age 65/Disability entitlement precedes the ESRD entitlement and the employer's plan is primary payer under the Working Aged (TEFRA) or Disability law then the employer's plan remains primary payer during the first 30 months of the ESRD coverage period. Thereafter, Medicare becomes and remains primary payer for as long as the member remains dual Medicare entitled.

Example: Age 65/Disability Medicare is effective 6/1/97. ESRD Medicare is effective 2/1/98. Employer has 20+/100+ employees and the Medicare member is an active employee or a dependent of an active employee. **Result:** Employer's plan remains primary until 7/31/00. Medicare becomes primary 8/1/00 and remains so thereafter.

D. When the Age 65/Disability entitlement precedes the ESRD entitlement but Medicare is primary payer under the Working Aged or Disability law then Medicare remains primary payer for as long as the member remains dual Medicare entitled.

Call Your Account Service Representative for More Information on This Subject

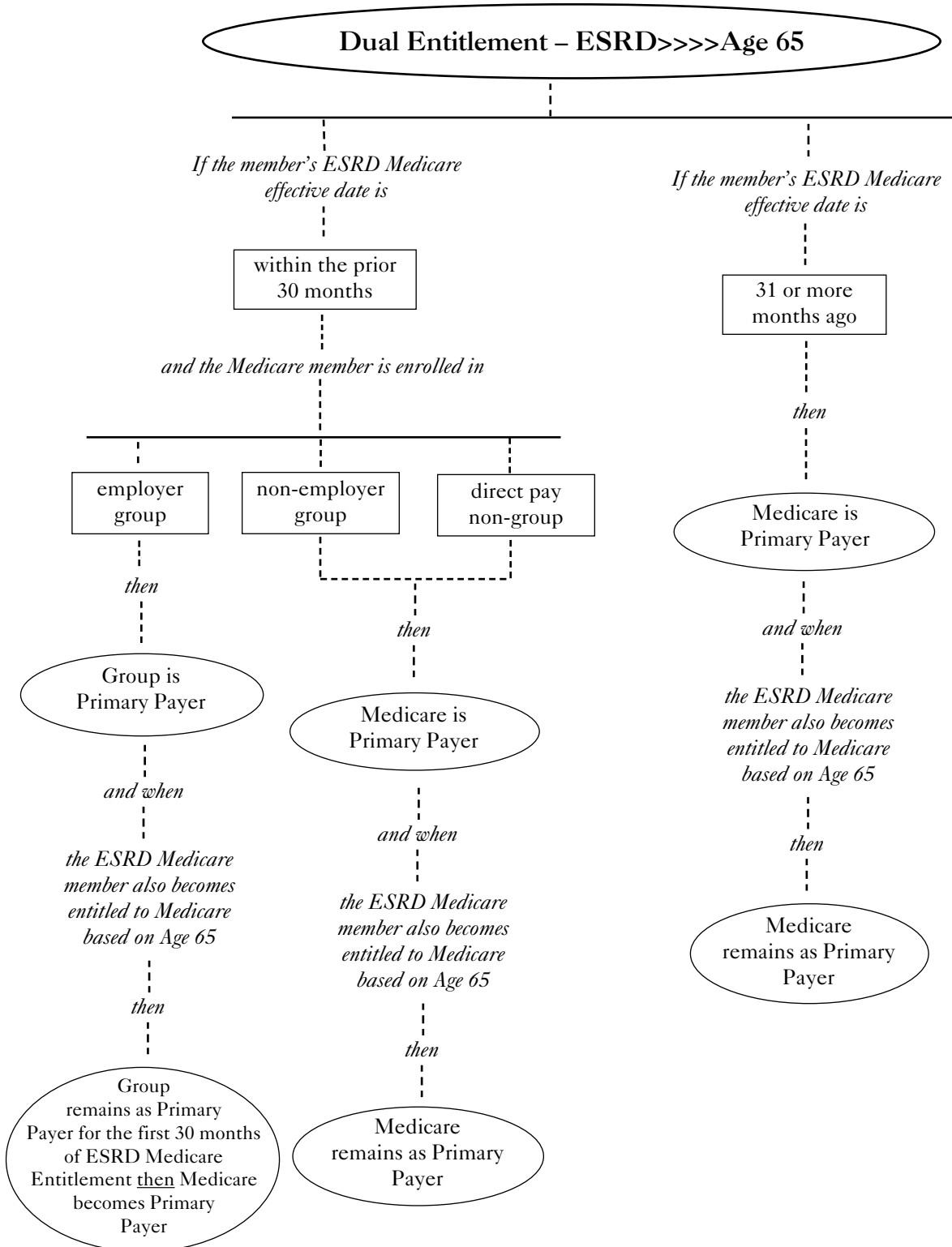
WHEN A MEMBER BECOMES ELIGIBLE FOR MEDICARE

Example: Age 65/Disability Medicare is effective 6/1/99. ESRD Medicare is effective 2/1/00. Employer has <20/<100 employees or Medicare member is an inactive/retired employee or dependent of an inactive/retired employee. **Result:** Medicare became primary payer 6/1/99. Medicare remains primary payer.

Call Your Account Service Representative for More Information on This Subject

WHEN A MEMBER BECOMES ELIGIBLE FOR MEDICARE

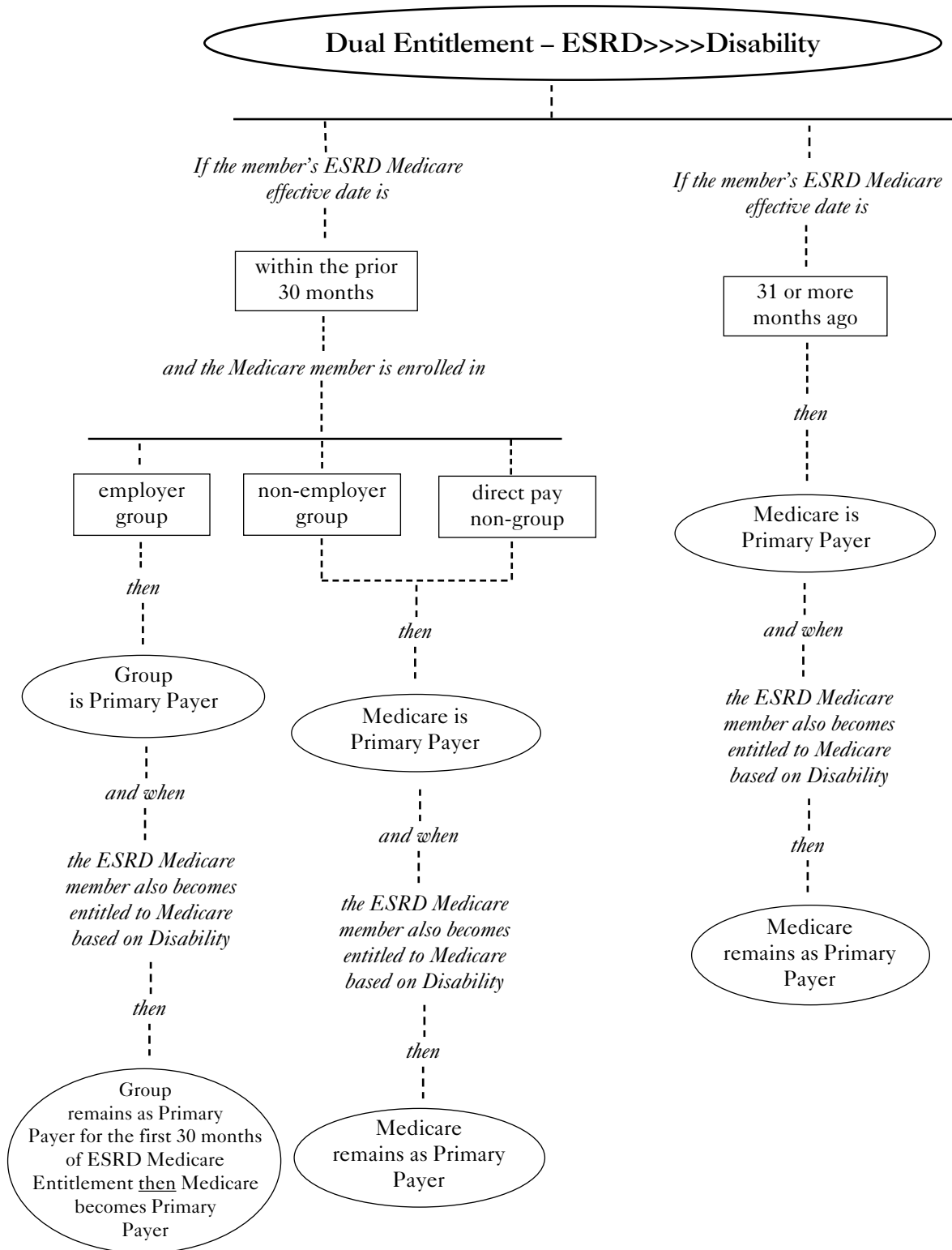
Primacy decision under Medicare secondary payer (MSP) laws when the Medicare member is <65 and entitled to Medicare based initially on end stage renal disease (ESRD) and then reaches age 65.



Call Your Account Service Representative for More Information on This Subject

WHEN A MEMBER BECOMES ELIGIBLE FOR MEDICARE

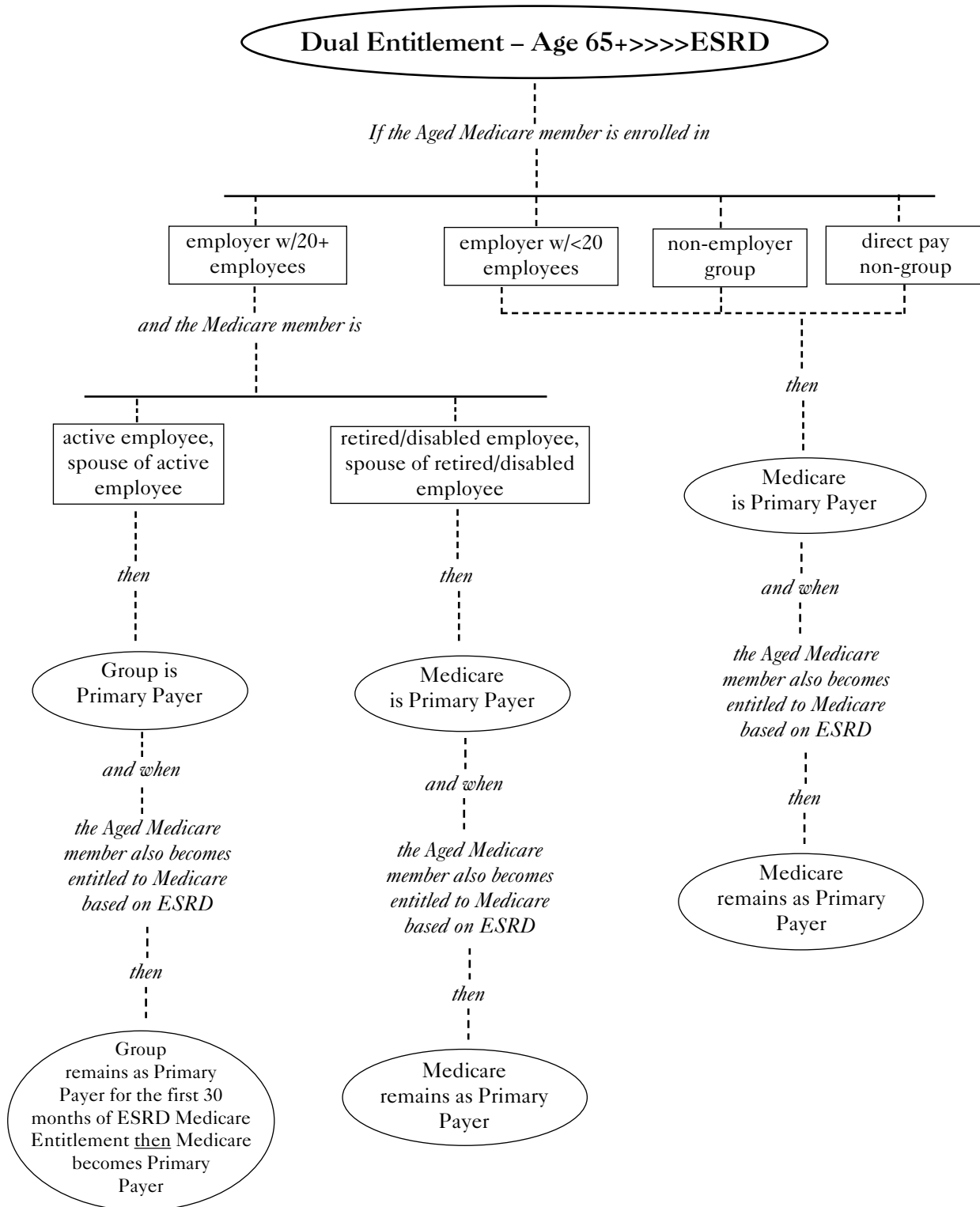
Primacy decision under Medicare secondary payer (MSP) laws when the Medicare member is <65 and entitled to Medicare based initially on end stage renal disease (ESRD) and then on disability.



Call Your Account Service Representative for More Information on This Subject

WHEN A MEMBER BECOMES ELIGIBLE FOR MEDICARE

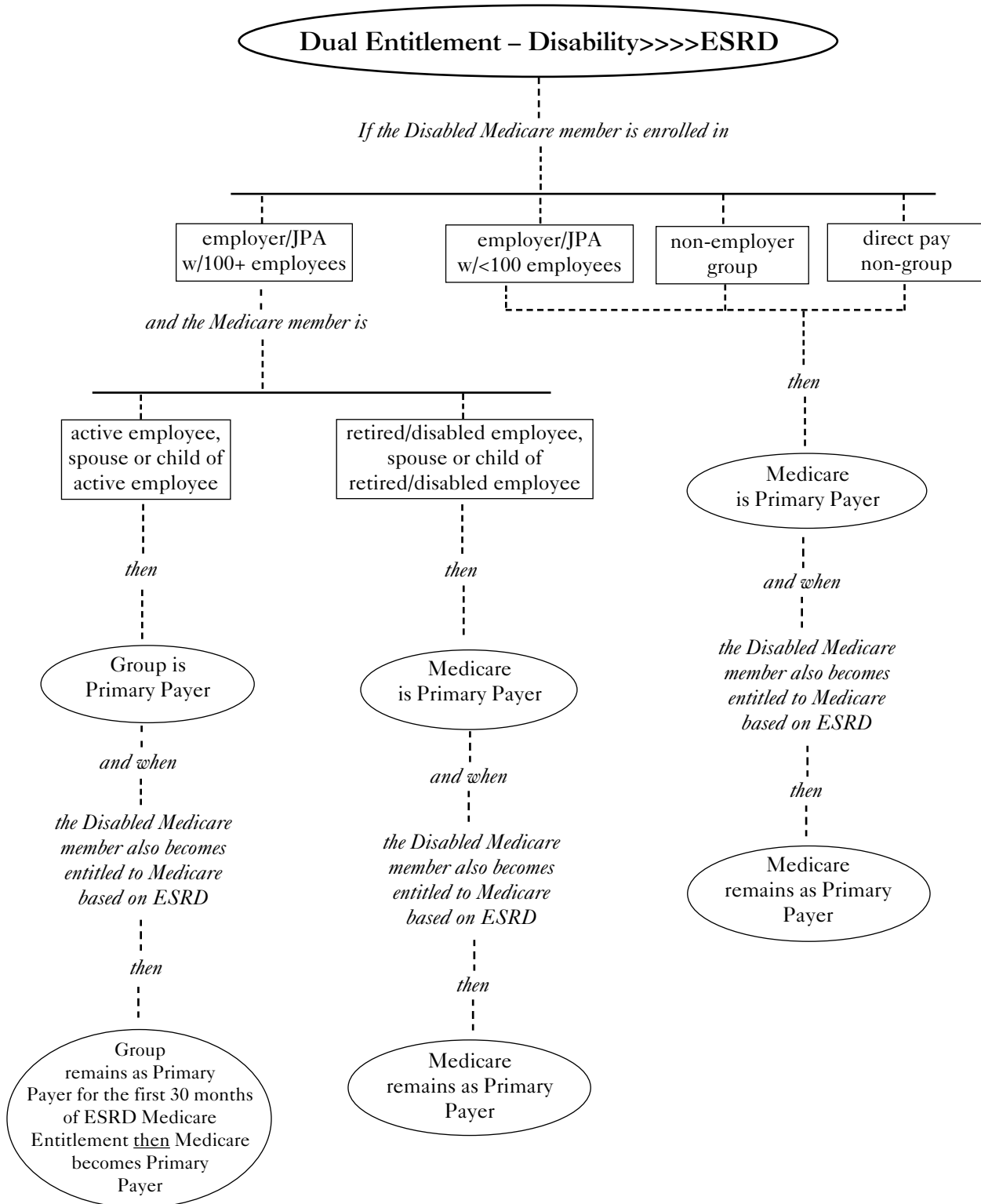
Primacy decision under Medicare secondary payer (MSP) laws when the Medicare member is 65+ and entitled to Medicare based initially on age and then on ESRD.



Call Your Account Service Representative for More Information on This Subject

WHEN A MEMBER BECOMES ELIGIBLE FOR MEDICARE

Primacy decision under Medicare secondary payer (MSP) laws when the Medicare member is 65+ and entitled to Medicare based initially on a disability and then on ESRD.



Call Your Account Service Representative for More Information on This Subject

WHEN A MEMBER BECOMES ELIGIBLE FOR MEDICARE

For companies with 20 or more employees, this is an example of how to complete the *Enrollment and Change Form* when a subscriber (age 65) is terminating group health coverage and transferring to non-group Medex.

BlueCross BlueShield of Massachusetts <small>An Independent Licensee of the Blue Cross and Blue Shield Association</small>		Please Read The Instructions Before Filling Out This Form.		Enrollment and Change Form <small>Please mail to: BCBS, P.O. Box 9145, North Quincy, MA 02171-9145</small>	
1. To Be Filled Out by Your Employer					
Company Name X42 COMPANY		Current Medical Group 0123456		Medical Group Transferring To	
Current BCBS ID Number, if any 012345678		Requested Effective Date 09 01 2000		Date of Hire	
Type of Transaction Add <input type="checkbox"/> Change <input type="checkbox"/> Cancel <input checked="" type="checkbox"/> 042		Remarks: (i.e., qualifying event for a new add, change to family, or further instructions) SUBSCRIBER TURNING 65 - TRANSFER TO NON-GROUP MEDEX			
2. Tell Us About Yourself (Member 1)					
What product are you seeking? <input type="checkbox"/> Blue <input type="checkbox"/> Green <input type="checkbox"/> Gold <input type="checkbox"/> Silver <input type="checkbox"/> Platinum <input type="checkbox"/> Blue Cross <input type="checkbox"/> Blue Shield <input checked="" type="checkbox"/> NON-GROUP MEDEX		Kind of Membership (Medical) Individual <input checked="" type="checkbox"/> Family <input type="checkbox"/>		Kind of Membership (Dental) Individual <input type="checkbox"/> Family <input type="checkbox"/>	
Your First Name JUAN		M.I. Last Name PEDRAZA		Sex M Date of Birth 09 01 1937	
Street Address / P.O. Box No. 31 CROSS STREET		City/Town MALDEN		State MA Zip Code 02148	
Social Security No. 012345678		Home Telephone No. (include area code) (781) 955-1234		Other Insurance Company Name City/State	
Name of PCP City/State		PCP ID Number		Is this your current PCP? Mark X, if yes. <input type="checkbox"/>	
Are you or anyone Listed Below Covered by Medicare? * <input checked="" type="checkbox"/> Y		Part A Effective Date 09 01 2000		Part B Effective Date 09 01 2000	
		Medicare No. 0123456789		Actively Working Y / N <input checked="" type="checkbox"/> N	
* If you have not indicated yes or no regarding your Medicare or other insurance status, you may receive a follow-up questionnaire.					
3. Tell Us About Your Spouse (Member 2)					
Spouse's First Name		M.I. Spouse's Last Name		Sex Date of Birth	
Social Security No.		Home Telephone No. (include area code)		Other Insurance Company Name City/State	
Name of PCP City/State		PCP ID Number		Is this your current PCP? Mark X, if yes. <input type="checkbox"/>	
Part A Effective Date		Part B Effective Date		Medicare No. Actively Working Y / N	
Retired Y / N if yes, date:					
4. Tell Us About Your Dependents (Members 3, 4, and 5)					
Child's First Name		M.I. Child's Last Name		Sex Full-time student? Age 19 or over? Y / N	
Date of Birth		Social Security No.		PCP ID Number Name of PCP	
Is this your current PCP? Mark X, if yes. <input type="checkbox"/>					
Child's First Name		M.I. Child's Last Name		Sex Full-time student? Age 19 or over? Y / N	
Date of Birth		Social Security No.		PCP ID Number Name of PCP	
Is this your current PCP? Mark X, if yes. <input checked="" type="checkbox"/>					
Child's First Name		M.I. Child's Last Name		Sex Full-time student? Age 19 or over? Y / N	
Date of Birth		Social Security No.		PCP ID Number Name of PCP	
Is this your current PCP? Mark X, if yes. <input type="checkbox"/>					
The information here is complete and true. I understand that Blue Cross and Blue Shield will rely on this information to enroll me and my dependents or to make changes to my membership. I understand that I should read the subscriber certificate or benefit booklet provided by my employer to understand my benefits and any restrictions that apply to my health care plan. I authorize Blue Cross and Blue Shield to obtain medical records or information from the Social Security Administration, Medicare contractors, other health care programs, insurers or any government agency to verify eligibility, claims payment information or properly coordinate benefits.					
Employee's Signature <i>Juan Pedraza</i>		Date 3/1/00		Employer's Signature <i>[Signature]</i>	
		Date 3/1/00		Date 3/1/00	

Important note: Please review forms carefully before submitting. Be sure to describe the requested transaction in the Remarks section.

Call Your Account Service Representative for More Information on This Subject


WHEN A MEMBER BECOMES ELIGIBLE FOR MEDICARE


Employees or Dependents Attaining Age 65 Report

This report will help you manage the nearing-65 process and help you comply with the requirements of Medicare Secondary Payer legislation.

This is the type of contract the member is covered under currently. Pay close attention to this because it can signal a number of action steps you may need to take, like canceling the membership if it's individual and the subscriber is turning 65; transferring the member into a retiree or Working Aged (TEFRA) group, or onto a direct-pay Medex plan; or converting a family membership to an individual one to continue to cover an under-age-65 spouse or dependent.

This potential cancellation date is generally three months in the future. At this point, the member is not yet cancelled but probably needs to have the membership adjusted to coincide with his or her Medicare eligibility. Remember, we determine the cancellation date based on the Medicare eligibility date, which is the first day of the month in which the member turns 65 (unless the birthday falls on the first day of the month – then Medicare is effective on the first day of the previous month).





REPORT: AGE 65
TODAY'S DATE: 04/01/00

BC & MASSACHUSETTS EMPLOYEES DEPENDENTS ATTAINING AGE 65 REPORT

GROUP-BU: 006007771-0000
GROUP NAME:

PAGE: MONTH ENDING: 03/31/00
CBU: ACCOUNT NUMBER: 4000011

ADDRESS/PHONE	MEMBER RELATION	IDENTIFICATION NUMBER	DATE OF BIRTH	TYPE OF CONTRACT	CANCEL DATE	LETTER SENT
PHILIP BARRY 101 PORTER ST E. BOSTON MA 02113-1311 (617) 325-1291	SUBSCRIBER	0123158740000	00 07/12/30	127-FAMILY	07/01/00	1ST AGE 65 LTR
TERRI M CHURCH 857 CAMBRIDGE ST CAMBRIDGE MA 02117-1214 (617) 325-1291	SPOUSE	0111431370000	01 07/13/30	127-FAMILY	07/01/00	1ST AGE 65 LTR
STEVEN HANKS 256 LYNN TERRACE DRIVE BROOKLINE MA 02137 (617) 326-6914	SUBSCRIBER	0124128540000	00 07/12/30	119-FAMILY	07/01/00	1ST AGE 65 LTR
BEVERLY B MASON 748 SHAWMUT AVE BOSTON MA 02116 (617) 482-1985	SUBSCRIBER	0114517670000	00 07/12/30	111-FAMILY	07/01/00	1ST AGE 65 LTR
RICHARD P SNOW 863 SUNNY DRIVE NATICK MA 02267-0121 (508) 623-1584	SUBSCRIBER	0124582720000	00 07/12/30	101-FAMILY	07/01/00	1ST AGE 65 LTR
KATHERINE M GILL 1600 HANCOCK ST QUINCY MA 02167 (617) 847-3125	SPOUSE	0110621250000	01 05/15/30	127-FAMILY	05/01/00	2ND AGE 65 LTR
PAUL J JONES 311 MAIN ST CAMBRIDGE MA 02138 (617) 361-2184	SPOUSE	0121067110000	01 05/12/30	111-FAMILY	05/01/00	2ND AGE 65 LTR
CHARLES SMITH 610 SLEEPER ST S BOSTON MA 02112-1211 (617) 847-1561	SUBSCRIBER	0111741330000	00 05/12/30	111-FAMILY	05/01/00	2ND AGE 65 LTR

The same member may appear on up to three monthly reports. The first time, the report will show "1st age 65 letter." The second time, it will show "2nd age 65 letter." The third time, it will show "canceled—no letter" to indicate that the actual cancellation has taken place, but no letter was mailed.

Please note: If at any time during the three months, the appropriate action is taken to change the member's status, the member will not appear on subsequent reports. Also, members in our managed care plans will only receive one letter and will not be automatically canceled. This is because our managed care Subscriber Certificates allow members to remain in the regular group beyond age 65. With respect to your employees age 65 or older who are retiring, we encourage you to advise your managed care members eligible for Medicare to consider a Medicare supplement plan to ensure that Medicare is the primary payer rather than your managed care plan. Moreover, if you, as an employer, are not subject to the Federal Working Aged TEFRA Regulations because you have less than 20 active employees, all active and retired members and their spouses should be transferred to a Medicare supplement plan when they reach age 65. If, however, you are subject to the Federal Working Aged TEFRA Regulations, then you must advise your age 65 actively working employees and spouses that your group health plan or Medicare may be selected as the primary payer and that a new selection may be made each contract year. With respect to this latter group, you may not in any way influence selection of the primary payer of an employee or spouse, but rather must provide sufficient information about coverage and costs to help the individual make an informed decision.

Call Your Account Service Representative for More Information on This Subject