



Congress Must Streamline and Simplify Medicare Enrollment

The BENES Act (S. 1280/H.R. 2477) Offers Commonsense, Bipartisan Solutions

While most people are automatically enrolled in Medicare Part B—because they are collecting Social Security retirement benefits at age 65—a growing number are not, as they are working later in life and deferring their Social Security benefits. Unlike those who are auto-enrolled, these individuals must make an active Medicare enrollment choice, taking into consideration specific timelines and existing coverage. If this transition is mismanaged, individuals new to Medicare may face lifetime late enrollment penalties, higher health care costs, gaps in coverage, and disruptions in care continuity.

Unfortunately, many individuals do make mistakes—often because they are not informed about their enrollment responsibilities or Medicare’s complex enrollment rules. These rules are so complicated that even the most sophisticated Human Resources experts struggle to follow them, and many employers’ benefits departments lack the Medicare knowledge to guide their employees and retirees on Medicare enrollment. Clear and simple advice to those approaching eligibility could help prevent enrollment errors, but today the federal government provides virtually no notification to people nearing Medicare eligibility that they may need to actively enroll or how and when to do so. As a result, people with employer-based or other private coverage often bear the full burden of navigating Medicare’s complicated enrollment system.

The bipartisan **Beneficiary Enrollment Notification and Eligibility Simplification (BENES) Act** (S. 1280/H.R. 2477), championed by Senators Todd Young (R-IN) and Bob Casey (D-PA) and Representatives Raul Ruiz (D-CA), Gus Bilirakis (R-FL), Brad Schneider (D-IL), and Jackie Walorski (R-IN) includes commonsense solutions to address these challenges.

Enrollment Errors Affect Tens of Thousands of Americans in Every State

The Medicare Rights Center answers nearly three million questions each year through its National Consumer Helpline and educational programs. Year after year, about one in four Helpline calls concerns Medicare enrollment. In 2017, nearly one-third of these calls were from individuals experiencing challenges enrolling in Part B, many because they were navigating a specific hurdle, did not understand enrollment periods, or were confused about Part B costs, eligibility, and other issues. In 2018, about 760,000 people with Medicare were paying a Part B Late Enrollment Penalty (LEP) and the average LEP amounted to nearly a 30% increase in a beneficiary’s monthly premium.¹

The BENES Act Would:

Increase Beneficiary Notification and Education. The BENES Act would direct the federal government to provide advance notice to individuals approaching Medicare eligibility about basic Medicare enrollment rules, filling a long-standing gap in education for older adults and people with disabilities.

Eliminate Harmful Coverage Gaps. The BENES Act would also eliminate needless multi-month coverage gaps in Medicare by mandating that Part B insurance begin the first of the month following one's enrollment during both the later months of their Initial Enrollment Period (IEP) and during the General Enrollment Period (GEP).

Modernize and Align Part B Enrollment Timelines. The BENES Act would also reduce confusion by aligning the annual GEP with the annual enrollment period for private Medicare Advantage (MA) and Part D prescription drug plans. Additionally, the BENES Act would allow the federal government to create a Part B Special Enrollment Period (SEP) for "exceptional circumstances," a provision currently used in MA and Part D when people are not able to sign up for Medicare due to occurrences like hurricanes and other natural disasters.

A Case Study

Throughout their working lives, Mr. and Mrs. G held good jobs with good health insurance. When Mr. G turned 65, Mrs. G was working for a large company whose group health plan covered them both. In late 2015, when Mrs. G was 64, the company she worked for was acquired, and her position was terminated. As part of her termination, the couple was provided two years of continuing enrollment in the company's group health plan, paid for by the company. The coverage for those years was identical to the coverage available to them while Mrs. G was employed.

Planning ahead, before the group health plan coverage was due to terminate in late 2017, the couple went to their local Social Security office to enroll in Medicare. For the first time, they were told that when Mrs. G stopped working, it triggered a change in how her group health coverage was treated under Medicare rules. Because Mrs. G was not "actively" employed within the past eight months, she and her husband were ineligible to enroll in Part B through a Special Enrollment Period.

Mr. and Mrs. G were able to enroll in Medicare Part A immediately, and did so, but that only covered hospitalizations and inpatient care. For outpatient coverage through Part B, Mrs. G and her husband were told they would have to wait for the General Enrollment Period in January 2018 and their coverage would not be effective until July 1, 2018—**meaning Mrs. G and her husband would be without adequate health coverage for nearly a year.**

At the same time, the couple learned that because they delayed Part B enrollment for two full years and did not have employer-sponsored coverage through "active" employment during this time, they will be **required to pay a penalty of 20 percent** (10 percent multiplied by the number of years delayed) on their Part B premium. This amount will be added to their monthly Part B premium **for the rest of their lives.**

Facing a precarious situation, Mrs. G attempted to purchase individual insurance for her and her husband, to fill the coverage gap while waiting for Medicare, and was turned away. So, Mrs. G called the Medicare Rights Center for help. The helpline counselor explained that Medicare law prohibits the sale of policies that offer the same coverage as Medicare to anyone who is enrolled in any part of Medicare. All available avenues to enrollment were explored, to no avail.

Mrs. G expressed her frustration at the lack of information she and her husband had received from her employer, from Social Security, and from Medicare. According to Mrs. G, they did not even realize "Medicare was something we needed to look into as long as we were covered by an excellent medical plan." Mrs. G said being without health coverage for any outpatient medical needs for many months is what worried her most of all. At the time, she told Medicare Rights Center that she was "keeping her

fingers crossed” that neither she nor her husband would need any significant health care while in the coverage gap. Unfortunately, this wishful thinking was the only solution available to them.

Had the BENES Act been in place when Mrs. G turned age 65, she would have received information explaining Medicare enrollment rules and considerations. If they had been informed, Ms. G and her husband would not be facing many months without Part B coverage. With 10,000 Americans reaching Medicare eligibility age each day and as people stay in the workforce longer, more individuals will have to actively enroll in Part B, and could face similar challenges. The BENES Act’s bipartisan, low-cost solutions are needed now more than ever.

¹ Congressional Research Service, “Medicare: Part B Premiums” (April 4, 2019), available at:
<https://crsreports.congress.gov/product/pdf/R/R40082>.

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