



Health Insurance

Quick Guide to How Medicare & COBRA Work Together

If you are losing or leaving your job, you may be eligible for COBRA. You may also be eligible for Medicare, based on your age, or receiving Social Security Disability Insurance (SSDI) benefits. If you are eligible for both health insurance options, it is important to understand how they interact. This Quick Guide will describe what happens when you are on COBRA, and then become eligible for Medicare, as well as what happens when you are on Medicare, and then become eligible for COBRA.

What is COBRA?

COBRA is a federal law that allows eligible employees, as well as their spouses and dependents, to keep their existing employer-sponsored health insurance coverage up to 36 months, after experiencing certain qualifying events, such as losing or leaving a job. COBRA coverage must be substantially similar, if not the exact same coverage, that you had with your employer-sponsored plan. When you have a qualifying event, you can choose (elect) COBRA coverage. It is important to remember that COBRA is not an actual health plan; it is the right to keep your employer-sponsored health insurance for an additional period of time.

COBRA applies to private employers with 20 or more employees, as well as state and federal governments. Many states also have state COBRA laws ([TriageCancer.org/state-laws/health-insurance-options](https://www.triagecancer.org/state-laws/health-insurance-options)) that apply to smaller private employers.

One of the main barriers to COBRA coverage is cost. Usually, you have to pay 100% of what your employer was paying for your health plan, plus a possible 2% administrative fee (for a total of 102%). For more information about COBRA, read the Quick Guide to COBRA ([TriageHealth.org/quick-guides/cobra](https://www.triagehealth.org/quick-guides/cobra)).

What is Medicare?

Medicare is a federal health insurance program for eligible individuals who: are 65+ years old; have collected SSDI more than 24 months; and/or have been diagnosed with end-stage renal disease (ESRD) or ALS. There are four Parts of Medicare coverage.

- **Part A: Hospital Insurance.** Includes hospital care, skilled nursing facilities, hospice, and home health services.
- **Part B: Medical Insurance.** Includes services from doctors, preventive care, outpatient care, lab tests, mental health care, ambulance services, and durable medical equipment.
- **Part C: Advantage Plans.** Part C is an alternative to Parts A & B and it includes the benefits and services covered under Parts A & B, and usually Part D. You can select a PPO or HMO plan that is run by a Medicare-approved private insurance company. Make sure to select a plan that covers your health care providers.

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- **Part D: Prescription Drug Coverage.** You have different plans to choose from depending on where you live, with different premiums and formularies. Make sure to select a plan that covers the drugs you take. For more information about Medicare, read the Quick Guide to Medicare – Extended ([TriageHealth.org/quick-guides/medicareextended](https://www.triagehealth.org/quick-guides/medicareextended)).

A Medigap plan is a supplemental insurance plan that will help pay for your Medicare deductibles, co-payments, and cost share amounts. If you have chosen original Medicare (Parts A & B), there is a 20% cost share amount, so a Medigap plan can help pay for that expense. For information about Medigap plans, read the Quick Guide to Medigap Plans ([TriageHealth.org/quick-guides/medigap](https://www.triagehealth.org/quick-guides/medigap)).

What happens if I have Medicare (Part A and/or Part B) and then become eligible for COBRA?

If you already have Medicare (e.g., because you are over the age of 65), but you lose or leave your job, you may be eligible for COBRA. You can choose to enroll in COBRA, in addition to your Medicare coverage, but you are not required to. This is a personal decision. COBRA can be expensive. But, if you have both types of insurance, you may be able to lower your out-of-pocket costs. And, your COBRA coverage may cover some things that Medicare does not (e.g., certain providers, dental care, vision care, etc.). If you choose to enroll in COBRA, Medicare will be primary and COBRA will be secondary. This means that when you get medical care, Medicare will pay first, and then COBRA will pay for some or all of the costs that Medicare didn't pay for.

Example

Carol, age 66, has Medicare Parts A and B. She works full-time and has employer-sponsored health insurance. Because Carol works for an employer with more than 20 employees, her employer plan is primary and Medicare is secondary. Carol's supervisor tells her that her job will be eliminated next month. Can Carol elect COBRA even though she has Medicare? Yes. Because Carol had Medicare before becoming eligible for COBRA, she can elect COBRA. In that case, Medicare will be her primary insurance and COBRA will be secondary.

- **What if I only have Part A?** If you only have Part A, and want to choose COBRA, you should consider enrolling in Part B during your Special Enrollment Period. If you do not enroll in both A and B, COBRA may refuse to pay your claims. Also, not signing up for Part B during special enrollment may force you to pay late enrollment penalties later. For more information about enrolling in Medicare, including late enrollment penalties and potential gaps in coverage, read the Quick Guide to Medicare Enrollment ([TriageHealth.org/quick-guides/medicareenrollment](https://www.triagehealth.org/quick-guides/medicareenrollment)).
- **What about my prescription drug coverage?** If your COBRA prescription drug coverage is "creditable" (i.e., at least as good as Medicare), you can wait to enroll in a Medicare Part D drug plan without a late enrollment penalty. When your COBRA coverage ends, you will get a Special Enrollment Period of 2 months after the month COBRA ends to enroll in a Part D plan or Medicare Advantage Plan with prescription drug coverage. Ask your benefits representative at work, or your COBRA health insurance company, if your coverage is creditable.
- **Will switching my prescription drug coverage impact any financial assistance I receive?** Some individuals receive financial assistance for one or more of their medications from pharmaceutical companies. COBRA coverage is identical to the coverage you had through your employer group health plan, so if you were eligible for financial assistance while employed, you should also have it while covered by COBRA. However, this assistance may no longer be available if you switch to a Part D plan or a Medicare Advantage Plan that has prescription drug coverage. Contact the pharmaceutical assistance program(s) to learn about your options.
- **Can I buy a Medigap Plan?** If you choose COBRA, you have a guaranteed issue right to buy a Medigap plan at the same time, or you can wait until your COBRA coverage ends.

What happens if I become eligible for both COBRA and Medicare at the same time, but I only choose COBRA?

It is important to know that COBRA is not considered creditable coverage for Medicare Part A and Part B. If you lose your employer-sponsored health plan and sign up for COBRA, and are eligible for Medicare but don't sign up, you will face Medicare late enrollment penalties if you want Medicare coverage in the future. The penalties will be calculated from the date that your employer coverage ended.

What happens if I have COBRA and then become eligible for Medicare?

Generally, if you have COBRA and then you become eligible for Medicare, your COBRA coverage will end when the Medicare coverage begins. Consider comparing your Medicare Plan options, to pick the one that works best for you, with the lowest costs. For help understanding Medicare Plans, watch this Animated Video ([TriageCancer.org/Video-MedicarePickAPlan](https://www.triagecancer.org/video-medicarepickaplan)).

- **What if I have dental or vision coverage through COBRA?** If your COBRA plan would cover benefits that Medicare does not cover, such as dental or vision care, you may be able to keep only those benefits. Ask your benefits representative at work or your COBRA health insurance company.

Example

Scott lost his job in 1/22 and elected COBRA, which began 2/1/22 and will last until 7/31/23. It is now June 2022 and Scott will turn 65 in October. Does Scott need to enroll in Medicare or can he keep COBRA until 7/31/23? Yes, Scott needs to enroll in Medicare. His COBRA coverage will end when he turns 65. If he doesn't enroll in Medicare, he risks having no health insurance at all. Also, if Scott waits and doesn't enroll in Medicare during his Initial Enrollment Period, he may have late enrollment penalties and a gap in coverage until his next enrollment opportunity.

What happens to my family, who are on my employer-sponsored plan, when I become eligible for Medicare?

An employee enrolling in Medicare is considered a "qualifying event" for COBRA. That means that if you enroll in Medicare, your spouse and your dependents (children) may choose COBRA coverage that will last up to a maximum of 36 months. Your family members could also choose to look for health insurance coverage through your state Health Insurance Marketplace, which may be less expensive than a COBRA plan. To understand their options, read our Quick Guide to Options When Losing Employer-Sponsored Health Insurance ([TriageHealth.org/quick-guides/losinginsurance](https://www.triagehealth.org/quick-guides/losinginsurance)).

For questions about Medicare and COBRA

- Benefits Coordination & Recovery Center – Centers for Medicare & Medicaid Services: 1-855-798-2627
- State Health Insurance Assistance Program - [shiphelp.org](https://www.shiphelp.org) (click "Find Local Medicare Help")

For more information, explore our Health Insurance Materials & Resources ([TriageHealth.org/health-insurance](https://www.triagehealth.org/health-insurance)) or visit CancerFinances.org ([TriageCancer.org/cancer-finances](https://www.triagecancer.org/cancer-finances)).

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