

Virginia Commonwealth University

Enhancing Employment Opportunities for People with Disabilities Through Quality Benefits Planning Services

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Extended Medicare Provisions

Beneficiaries of the Title II disability programs often believe that Medicare entitlement stops when cash payments stop, this is not necessarily the case. The Extended Period of Medicare Coverage (EPMC) provision allows most beneficiaries who meet the Social Security disability standard to continue Medicare coverage for at least 93-months after the Trial Work Period ends, even if cash benefits ceased due to Substantial Gainful Activity (SGA) level employment. Even after this extended Medicare coverage ends, a qualified working individual with a disability may be eligible to purchase Medicare Part A and Part B by paying monthly premiums. This briefing paper will focus on the available options for extending Medicare coverage for beneficiaries with disabilities whose Title II benefits are terminated due to work.

Extended Period of Medicare Coverage

The Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA) made an important change to the Medicare program for working beneficiaries with disabilities. It significantly extended the amount of time beneficiaries who lose entitlement because of substantial work may receive premium-free Part A Medicare and premium-based Part B. The new rule, Extended Period of Medicare Coverage (EPMC), applies to anyone who currently has Medicare coverage based on disability benefits, provided that the disability continues. Prior to the creation of the EPMC, premium free Medicare could only be extended for 39 months after the completion of the Trial Work Period (TWP). The new rules allows coverage to continue for at least 93-months after the TWP ends, an addition of at least 54 months of Medicare coverage! Keep in mind that Medicare will never end before the month after the termination notice, regardless of the reason benefits are being ceased. Below is a closer look at the EPMC provisions.

First, it is important to understand that the Extended Period of Medicare Coverage is a work incentive for Title II disability beneficiaries. It is afforded to individuals who have lost benefits due to work. It is NOT a way to keep Medicare when benefits are lost due to medical recovery. People in the EPMC must still meet the Social Security disability requirement, even though these individuals may not be due cash payments.

The Extended Period of Medicare Coverage will never begin before a person's Trial Work Period has been used. This is because cash benefits are guaranteed in the TWP regardless how much the beneficiary earns and Medicare is guaranteed as long as entitlement for cash benefits continues. The Extended Period of Eligibility (EPE) always begins the month after the 9th TWP month. It consists of 36 months during which a beneficiary may receive a full cash benefit for any month the person does not perform Substantial Gainful Activity (SGA). As long as the individual continues to have a disability, their entitlement to benefits doesn't fully terminate until the first month after the end of the EPE that the person performs SGA. If the beneficiary is still in the EPE, but not due cash benefits, benefits are considered to be suspended, not terminated. There are three rules that govern how long the extended coverage will be, depending on when the individual performed SGA during the Extended Period of Eligibility (EPE).

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Rule 1:

If the first month of SGA following the end of the TWP occurs PRIOR to the 14th month of the EPE, AND there is SGA level earnings also in the 16th month of the EPE, then Medicare extends for 78 months after the 15th month of the EPE. That is 93 months from the end of the TWP.

There are several things to remember about rule one.

- The person performs Substantial Gainful Activity shortly after the end of the TWP—in fact, before 14 months have passed.
- By performing SGA, that means the SSA has "ceased" the cash payments. Cessation occurs when the person first performs Substantial Gainful Activity after the end of the TWP.
- When a person's benefits are "ceased" the individual receives a cash benefit for three months--the cessation month and two grace months--before payments stop.
- For Rule 1 to apply, the person must still be performing Substantial Gainful Activity in the 16th month after the Trial Work Period ends.
- Regardless of which rule applies, if the person becomes reentitled to cash benefits, Medicare benefits will continue as long as cash benefits are payable.
- If the person remains disabled, but works long enough for the cash benefits to be terminated, then the person will have Medicare coverage for at least 93-months after the Trial Work Period ended.

Example:

Adam became entitled to Social Security Disability benefits in February of 1990. He used his last Trial Work Period month in December of 1999. His EPE began January 2000. In February of 2000, Adam began a job paying a high wage. After taking all work incentives into account, the SSA decided that Adam's work was SGA effective with February of 2000, the second month after the TWP ended. Thus, SGA occurred prior to the 14th month of the Extended Period of Eligibility. Adam continued to work, and still working above the SGA level in April of 2001, the 16th month of the EPE. Adam plans to continue working at the same level. As long as Adam still meets the disability standards and continues to work above the Substantial Gainful Activity level, Adam's Extended Period of Medicare Coverage (EPMC) will continue until the last day of September 2007.

[illegible]

Example:

Cindy used her last Trial Work month in March of 1997. Cindy started earning SGA in September of 1997, the sixth month of the Extended Period of Eligibility. Cindy continued to earn SGA through November of 1999, the 31st month of the Extended Period of Eligibility. Cindy performed SGA before the 14th month in the EPE, and was still performing SGA in the 16th month. Cindy had a medical crisis in December of 1999, and was unable to perform SGA for several years. Cindy is thinking about going back to work, and wants to know when her Medicare period will end. Cindy will be entitled to Medicare indefinitely if she does not return to SGA. If Cindy returns to work above the Substantial Gainful Activity, the Medicare coverage will last until the earliest of one of the following events, depending on the situation:

- If Cindy returns to Substantial Gainful Activity before December of 2004—the 93rd month after the end of her Trial Work Period, her extended Medicare would end in December of 2004; or
- If Cindy returns to SGA level work after December of 2004, Cindy's Medicare will stop the month after the month Cindy next performs Substantial Gainful Activity.

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Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1997			TWP ends	EPE begins 1	2	3	4	5	SGA cessation month 6	SGA grace month 7	8	9
1998	10	11	12	13	14	15	16	17	18	19	20	21
1999	SGA 22	SGA 23	SGA 24	SGA 25	SGA 26	SGA 27	SGA 28	SGA 29	SGA 30	SGA 31	SGA 32	Benefits begin again 33
2000	34	35	Last month of EPE 36	37	38	39	40	41	42	43	44	45
2001	46	47	48	49	50	51	52	53	54	55	56	57
2002	58	59	60	61	62	63	64	65	66	67	68	69
2003	70	71	72	73	74	75	76	77	78	79	80	81
2004	82	83	84	85	86	87	88	89	90	91	92	93
2005	94	96	97	98	99	100	101	102	103	104	105	106

Cindy will continue to receive Medicare coverage after 93-months, because she is still entitled to benefits.

If Cindy were to come to you for counseling in January of 2007, it would be important for you to realize how long ago her TWP ended. Even though Cindy is still receiving benefits, she has used up her Extended Period of Medicare Coverage. It is essential to remember this possibility, since it would be easy to misadvise Cindy, by telling her that she still has extended Medicare if she begins to work at the SGA level again. Keep in mind that when someone comes to you for counseling, you may not know when the TWP ended without conducting extensive research. The SSA has software and the information necessary in the individual's record to make an appropriate determination. Don't be afraid to ask the SSA to let you know what to advise beneficiaries.

Rule 2:

If the first month of SGA following the end of the TWP occurs PRIOR to the 14th month of the EPE but there is NO SGA in the 16th month of the EPE, Medicare ends with the last day of the 77th month following the first month of SGA after the 16th month. That is at least 93 months from the end of the TWP.

Here are some things to remember about rule two:

- The person performs SGA within 13 months of the end of the TWP-relatively soon after the Trial Work Period ends, just like in rule 1 except....
- The beneficiary is no longer performing SGA during the 16th month after the Trial Work Period ends.
- The continued Medicare clock doesn't begin to tick again until the person performs Substantial Gainful Activity-no matter how long that takes. In the meantime, the person still has Medicare, since the beneficiary remains in cash payment status.
- Once the beneficiary begins to perform SGA again, the person has Medicare at least until the last day of the 77th month (6years and 5 months) after the person performs SGA.

Example:

Sally became entitled to Medicare in January of 1994. She completed her Trial Work Period in January, 1997. From February through December, Sally performed SGA. Her cessation month and grace months were February, March and April of 1997. Sally thus performed SGA in the first month of the EPE, and was unable to perform SGA in January of 1998, the 12th month of her EPE. She had a relapse of her condition and has not performed SGA again. Sally was therefore not performing Substantial Gainful Activity in the 16th month after the end of the Trial Work Period. Sally has come to you stating that she has a possible job that might result in substantial work, providing she is hired. Sally wants to know what might happen to her Medicare.

Sally completed her Extended Period of Eligibility in January of 2000, 36-months after the end of her Trial Work Period. Because of this, Sally's cash benefits will be terminated if she again performs SGA. Her Medicare, however, will not end until the last day of the 77th month after she performs SGA, as long as her disabling condition still meets the disability standards.

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1997	End of TWP	EPE begins; SGA; Cessation	SGA; grace month	SGA; grace month	SGA; cash payments stop	SGA	SGA	SGA	SGA	SGA	SGA	SGA
1998	Cash benefits resume		***		***							

Rule 3:

If the first month of SGA following the end of the TWP occurs AFTER the 13th month of the EPE, Medicare ends with the last day of the 80th month following the first month of SGA after the TWP. That is at least 93 months from the end of the TWP.

Here are some things to remember about rule three:

- The person doesn't perform SGA for more than a year and one month after the Trial Work Period ends. This differs from both Rule 1 and 2, which both require that cessation occurs before the 14th month after the end of the Trial Work Period.
- The beneficiary is not performing SGA in the 16th month after the TWP ends.
- The individual's entitlement to Medicare is indefinite until the person performs Substantial Gainful Activity, regardless of how far in the future SGA occurs.
- When the person performs SGA, the beneficiary will receive benefits for the Cessation month and two grace months before benefits stop. Medicare, however, will continue for at least 80 months after the person performs SGA.
- As with the other rules, Medicare is indefinite if the person becomes reentitled to benefits either in the Extended Period of Eligibility, or under reapplication, or through Expedited Reinstatement (EXR).

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Example:

Clyde finished his Trial Work Period in December of 1994. His EPE began January 1995. Although Clyde had worked since then, he has a significant subsidy, and he did not perform SGA. Clyde got a different job in May of 2002, one that resulted in earnings above SGA for the first time since Clyde was entitled to benefits. May of 2002 was Clyde's Cessation month. Clyde will have Medicare for at least 80 months after his cessation month, provided that his disability continues.

January of 2009 is the last month of Medicare coverage if Clyde continues to have a disability, and is not reentitled to benefits. This is displayed on the next page.

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1994												TWP ends
1995	EPE begins	2	3	4	5	6	7	8	9	10	11	12
1996	13	14	15	16	17	18	19	20	21	22	23	24
1997	25	26	27	28	29	30	31	32	33	34	35	Last month of EPE 36
1998	pay-ments & Medi-care con-tinue											
1999												
2000												
2001												

Chart Continued

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
2002					SGA Cessation month	SGA Grace 1	SGA Grace 2	SGA Cash benefits stop 3	4	5	6	7
2003	8	9	10	11	12	13	14	15	16	17	18	19
2004	20	21	22	23	24	25	26	27	28	29	30	31
2005	32	33	34	35	36	37	38	39	40	41	42	43
2006	44	45	46	47	48	49	50	51	52	53	54	55
2007	56	57	58	59	60	61	62	63	64	65	66	67
2008	68	69	70	71	72	73	74	75	76	77	78	79
2009	Med. ends											

EPMC Complications

Remember when advising beneficiaries about Medicare continuation that the SSA is the only place to find out how long the coverage will last. The beneficiary may not know when or if the Trial Work Period ended, whether cessation has occurred, or even that work should have caused benefit termination. Some beneficiaries may have used most or all of the Extended Period of Medicare in the past without even realizing it.

Because performance of Substantial Gainful Activity, is so important to the length of time someone has Medicare, Benefits Specialists may help people by teaching all of the work incentives. For example, someone may begin performing work at a high enough level that it might, at first, appear to be SGA. SGA, however, represents sustained work effort valued above a certain amount, if the work effort is short, and ends because of the person's disability, they may actually have an Unsuccessful Work Attempt. This is a determination that will be made by SSA. In these situations, the SSA may go back and reverse the cessation, since the person was not performing SGA.

Helping people understand Unsuccessful Work Attempts, Subsidy, Impairment Related Work Expenses, income averaging, and unincurred business expenses or unpaid help may help beneficiaries keep Medicare longer. With this information in hand, beneficiaries may be able to alert the SSA to a change in their situation that means the work is not Substantial Gainful Activity.

Extended Medicare and Expedited Reinstatement

Because the Extended Period of Medicare Coverage (EPMC) is a work incentive, people must still meet the disability definitions to be entitled. This creates a potential risk for individuals who request Expedited Reinstatement. There are two standards used to determine disability status. One, used for new applications, is tougher because the burden of proof lies with the applicant. The other standard, called the medical improvement standard, is used both in medical Continuing Disability Reviews and Expedited Reinstatement.

Requesting Expedited Reinstatement and being medically denied, is the same as having a medical CDR when receiving benefits and being found to have medically improved. When medical improvement occurs, all work incentives, including the Extended Period of Medicare, stop. If this is a concern for people considering whether or not to apply for benefits or request Expedited Reinstatement, they may want to reapply for benefits instead of requesting Expedited Reinstatement. Denial of a reapplication would not affect Medicare entitlement, because the application process uses a different disability standard. The decisions aren't equivalent. For a further discussion of this topic, see the Understanding Expedited Reinstatement briefing paper on the VCU BARC website.

Medicare Premiums During the EPMC

Medicare Part A is premium free for Title II beneficiaries, while Medicare Part B does require that a monthly premium be paid out-of-pocket. Beneficiaries usually pay their Medicare Part B premiums by having them deducted from cash benefits. When no cash benefits are payable, the person receives a bill for Medicare premiums every quarter. It is also possible to have the premiums deducted from a checking or savings account every month. Remember that for someone who has an employer group health plan, or is covered by an employer group health plan from a spouse's work, Medicare is usually secondary coverage. This also applies during the Extended Period of Medicare Coverage (EPMC). Being "secondary" means that the group health plan pays first, then Medicare pays what remains up to Medicare's exclusions for co-payments and deductibles. In these circumstances, people may wish to terminate the Medicare Part B coverage until:

- the beneficiary's or spouse's employment stops,
- or until the beneficiary's or spouse's insurance becomes secondary to Medicare,
- or the insurance coverage terminates.

In these circumstances, eligible individuals can re-enroll for Medicare Part B coverage during the Special Enrollment Period (SEP). The beginning of the Special Enrollment Period is determined by which of the events described above occurs first. Eligible individuals must make the request as soon as possible if they wish to enroll during the SEP. There is only an 8-month window during which a beneficiary may request enrollment in Medicare under the Special Enrollment Period. If the individual's request for Medicare Part B falls outside the Special Enrollment Period, it may be possible that the beneficiary could have a premium surcharge penalty. For more information on enrollment periods, see the VCU BARC Briefing Paper entitled "Understanding Medicare".

Medicare for the Working Disabled

Throughout the Extended Period of Medicare Coverage, Medicare Part A is free. When the EPMC ends, however, some people may continue Medicare Part A and Medicare Part B by paying premiums for both coverage types. The premium amounts change every year, and can be found on the www.Medicare.gov website. If the person has at least seven and a half years of work covered under Social Security taxes, the Part A premium will be reduced 45%. Individuals with limited income and resources may receive Medicaid assistance towards the cost of the premiums under the Qualified Disabled Working Individual provision. To apply for QWDI Medicare premium assistance, see your State Medicaid agency or the agency responsible for making Medicaid eligibility determinations.

In order to purchase Medicare Part B (Supplemental Medical Insurance) after the Extended Period of Medicare Coverage (EPMC), the person must also purchase Part A (Hospital Insurance). Individuals may purchase Part A, the inpatient coverage without purchasing Part B, the Supplemental Medical Insurance (SMI). Medicare is the primary insurance when the Part A premium is paid by the individual.

Benefit Specialist Responsibilities

Extended Medicare is very complex. As a Benefits Specialist, you may neither have enough information about the person's work history, nor sufficient expertise to estimate the end of the Extended Period of Medicare Coverage. In addition, you can't predict the future. Will the person again become entitled to benefits? Will there be a decision of Medical improvement? Will the individual keep working as expected? It is impossible to know which of the 3 EPMC rules would apply to an individual until after the TWP is complete and SGA level employment has caused cessation to occur. The safest bet is to tell beneficiaries currently entitled to Medicare that they will have at least 93-months of Medicare coverage after the end of the Trial Work Period. It is best to leave it to the SSA to determine which EPMC rule applies to an individual. The SSA has the expertise to make the determination quickly and correctly.

Frequently Asked Questions

1. Can someone use the Special Enrollment Period during the Extended Period of Medicare Coverage?

The Special Enrollment Period is particularly valuable for people who lose cash payments due to work activity. For these individuals, Medicare may be secondary since other forms of health insurance may be in effect. If it is secondary, Medicare may not cover more than what is covered by the employer's group health plan. In these situations, it may be advantageous to terminate the Part B coverage. If these individuals subsequently lose health coverage through work, or if the individuals or their spouse has to leave their job, the individuals could access Medicare under the Special Enrollment Period by contacting SSA immediately.

2. Who may receive an Extended Period of Medicare Coverage?

People who receive SSDI, CDB, or DWB benefits, or Medicare Qualified Government Employee HI/SMI coverage who:

- Lose those benefits due to work activity
- Are still disabled

3. Does a person receive an Extended Period of Medicare Coverage if medically improvement occurs?

The Extended Period of Medicare Coverage (EPMC) is a work incentive. In order to access the EPMC, the person must still be disabled under the Social Security Administration's rules.

4. Does someone receiving Medicare under the End-Stage Renal Disease program receive an EPMC?

People who are only entitled to Medicare because of kidney dialysis, or a kidney transplant are not entitled to an EPMC. Individuals who also receives a type of Social Security disability payment, (CDB, SSDI, or DWB) may access all of the work incentives, including the EPMC.

5. Why does the SSA use the 14th, 15th and 16th months after the TWP to determine the length of continued Medicare?

Medicare continuation is based on a historical 15-month extended period of eligibility (EPE) instead of the current 36-month EPE used for cash benefits. The continuation of Medicare begins after the 15th month in the EPE and continues for a minimum of 78 months. The ending date depends on when SGA occurs.

Additional References

- www.Medicare.gov is an excellent resource for Medicare premium and coverage Information.
- SSA Program Operations Manual Systems (POMS) references
- HI 00801.000 Subchapter table of contents - Hospital Insurance Entitlement
- HI 00805.000 Subchapter table of content - Supplemental Medical Insurance Entitlement
- : DI 00115.050 - End-Stage Renal Disease (ESRD) Entitlement Provisions - 11/14/2001
- : DI 13005.060 - Processing Medicare For Qualified Government Employment (MQGE) Cases - 10/10/2001
- : HI 00801.440 - Special Rules Applicable to MQGE Claims - 04/28/94
- : HI 00801.201 - R-HI Insured Status - 07/24/95
- DI 45001.001 ESRD Entitlement Provisions
- HI 00820.025 - Termination of Disability HI\