



Understanding Medicare Reimbursement & ICHRA



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Can Medicare premiums be reimbursed through an Individual Coverage Health Reimbursement Arrangement (ICHRA)?

For employees around the age of 65, there's probably some questions around this complex subject. ICHRAs can be used to reimburse for Medicare premiums, but there are a few requirements that are important to understand.



PRO-TIP: Once you turn 65, you're required to transition to Medicare to remain compliant with your HRA. Don't wait until your current plan year ends—start the Medicare enrollment process as soon as you become eligible to avoid any gaps in coverage or reimbursement delays.



To understand how ICHRAs and Medicare will work together, it's helpful to take a step back and think about what the HRA is "integrating" with in terms of the Medicare parts.

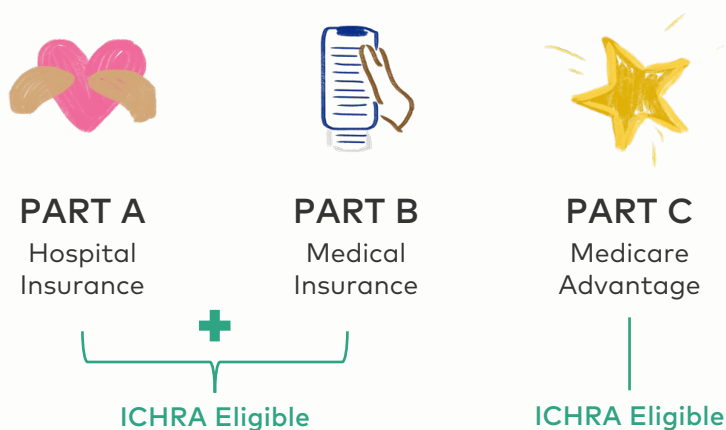
- **Part A:** "Hospital insurance" that covers costs from hospital for free and acts as "classic Medicare." It's considered a major medical insurance plan that everyone is required to have.
- **Part B:** "Medical insurance" that covers 80% of approved doctor visits and outpatient procedures after annual deductible is met. Also considered major medical and a requirement.
- **Part C:** This is referred to as Medicare Advantage, aka hospital and doctor coinsurance.
- **Part D:** "Prescription insurance" helps you pay for your prescriptions. Pricing depends on the plan you select and your income. This is not considered a major medical plan or sufficient to meet minimum essential coverage requirements.

When you're signing up for Medicare, there are two routes you can go.

1. **Medicare Advantage:** These are the newer arrangements that have all of the parts combined into one. They often have a \$0 premium and are offered by traditional, commercial health insurance companies.
2. **Medicare Supplements (Medigap):** You still have traditional Medicare parts A & B through the Federal government, but you purchase a supplemental plan to limit your total out-of-pocket exposure.

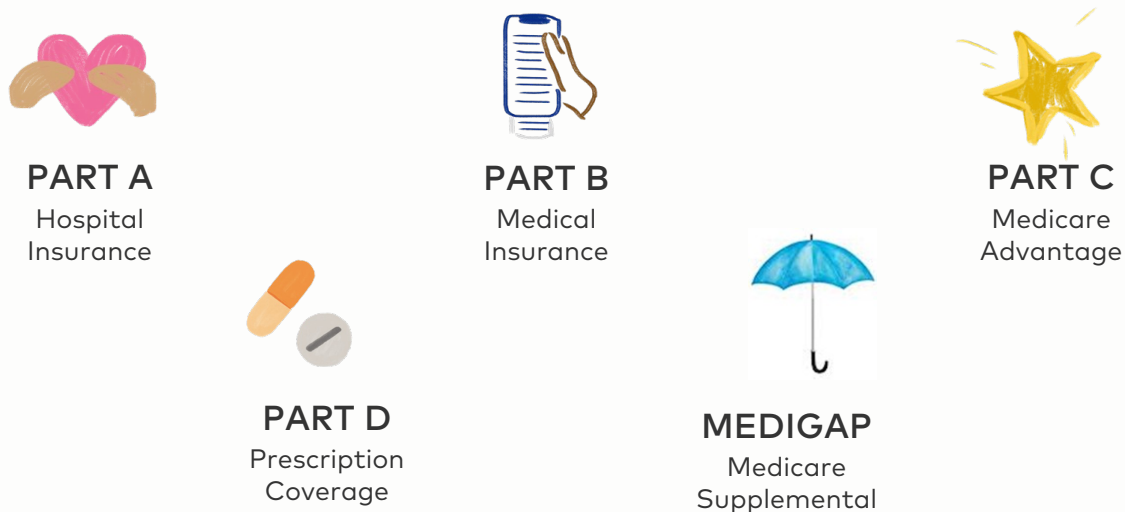
What are the eligibility requirements for Medicare-aged employees wanting to use ICHRA?

To qualify for an ICHRA, the employee eligible for Medicare must have coverage of Part A and Part B together or Part C. Part B by itself doesn't qualify as Minimum Essential Coverage.



What parts of Medicare are reimbursable with ICHRA?

ICHRA may be used to reimburse premiums for Medicare and Medicare supplemental health insurance (Medigap). Premiums for Parts A, B, C, D, and Medigap policies are all eligible for reimbursement. It's important to note that ICHRA can pay for medical expenses for Medicare participants (if allowed by the plan) but medical expenses cannot be designed around what Medicare pays or does not pay.





Organizations Moving from Group Coverage

If your organization is moving from group coverage to ICHRA, employees age 65+ are required to sign up for Medicare. Similarly, all employees turning 65 must enroll in Medicare. Continue reading for more information about how our partner can help you with the process.

Are there any special considerations for Medicare-eligible employees transitioning from a group plan to an ICHRA?

For those switching from group plans to an ICHRA, it's important to note that Medicare eligible employees likely will only be enrolled in Part A. Losing their group plan qualifies them to register for Part B as a Special Enrollment Period with no penalty. Employees can head over to ssa.gov's Medicare site to enroll in Part B. They'll need both proof of coverage for A+B or Part C to participate in their ICHRA.

Do the anti-duplication provision, the SSA's equal benefits rule, and the Medicare Secondary Payer rule (MSP) affect employees' ability to benefit from ICHRA?

The good news is that the final rules that provide guidance for HRAs ensure that we don't have to worry about the anti-duplication provision or MSP provisions getting in the way of employees benefitting from the individual coverage HRA.

What is proof of coverage for Medicare?

Employees will need documentation to show that they are enrolled in Medicare in order to be reimbursed for their Medicare expenses. Proper documentation would include; Medicare ID card (aka the red, white and blue card), a Medicare Statement, or Social Security statement showing your Medicare payment it held from your benefits



Take Command partnership with SmartConnect

Take Command has partnered with SmartConnect, to help you optimize your healthcare coverage. SmartConnect will help Medicare-eligible employees find the right Medicare Advantage and Medicare Supplemental plans that are designed to help cover the costs of various deductibles, co-payments and coinsurance charges that Medicare alone does not include.

The process is simple, streamlined and coordinated. All that employees have to do is choose a coverage option from leading insurance companies based on where they live and their individual needs, then submit proof of coverage to Take Command, along with receipts for eligible care, and get reimbursed tax-free.



Connect with Our Partner!



833-366-0729

[Click to Schedule](https://calendly.com/d/csrv-2fr-hzg/smartconnect-phone-consultation-take-command)

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FAQs

What types of plans does SmartConnect recommend?

In short, they recommends all Medicare plans. This includes Medicare Supplement (Medigap) plans, Medicare Advantage (Part C) plans, and Part d Prescription Drug plans. They also help with Original Medicare sign-up and coverage (Parts A & B).

If SmartConnect is a free service, how do they make money?

Like most Medicare Advisors, they earn commissions from insurance carriers. However, they will recommend plans that do not pay them and advisors are not paid more or less based on plans they recommend. They are incentivized to help an individual pick the best plan based on their needs.

How to Upload Medicare Proof Of Coverage during Initial Take Command Onboarding

There are two ways to do upload your Proof of Coverage:

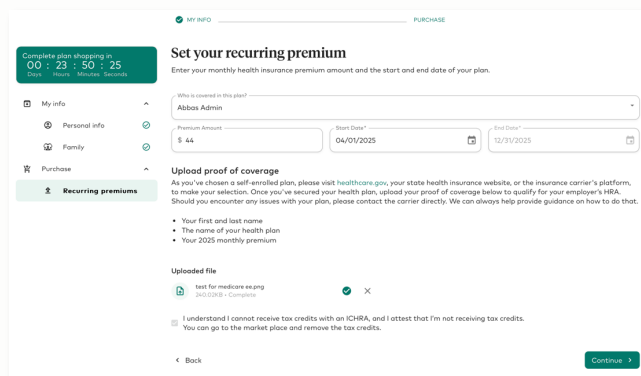
- 1) During shopping session
- 2) From your dashboard

How to upload POC - during your plan shopping session

When shopping for a plan in the HRA Hub portal, you'll be prompted to upload your Proof Of Coverage.

If you've enrolled in a Medicare plan

- Once you have purchased your Medicare plan return to the HRA Hub portal.
- You will be prompted to set your recurring premium. Input your plan and monthly premium information.
- Click "upload" or drag and drop your POC file (e.g. an image of your Red, White & Blue card) from your device into the upload box and click "Continue."
- If you have additional Medicare parts or supplements, you can submit them separately from your Dashboard. (see information below)

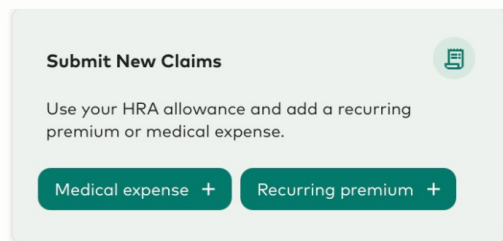


How to upload POC - from your dashboard

You can also easily upload your Proof Of Coverage directly from your HRA Hub dashboard.

If you've enrolled in a Medicare plan

- From the HRA Hub Dashboard select "Recurring Premium +"
- Input your plan and monthly premium information.
- Click "upload" or drag and drop your POC file from your device into the upload box and click "Continue."
- Repeat this process for any additional Medicare parts or supplements.



Guidance for Medicare-Eligible Employees Currently on Individual Plans

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When you become eligible for Medicare, you will need to enroll in Medicare coverage and your individual market coverage will end. Medicare coverage that includes both Part A and Part B - or Medicare Advantage (sometimes called Part C) - is qualified coverage that is reimbursable with an ICHRA. In addition, once Parts A & B or Medicare Advantage are verified, employees can also set up additional Medicare premiums such as Part D Prescription or Medigap for reimbursement up to the employee's monthly allowance amount.

Process Overview

1. Contact your individual insurance carrier 3 months prior to turning 65

- Reach out to your carrier to understand their process for members who are approaching Medicare eligibility. Some carriers reach out proactively, but it is best for you to confirm their process directly with them. This allows you to establish precisely when your individual coverage will end.
- It is important to communicate with your carrier that you will be terminating your individual coverage and enrolling in Medicare so that you do not have overlapping coverage and risk collection bills from your insurance carrier. Retain your documentation, typically a letter from your carrier, that references the effective end date for your coverage. This letter is helpful when enrolling in Medicare.

2. Enroll in Medicare benefits

- You can start the Medicare enrollment process as early as 3 months prior to turning 65. Coverage can start as early as the 1st day of the month you turn 65.
- Schedule a call with SmartConnect to discuss your Medicare options.



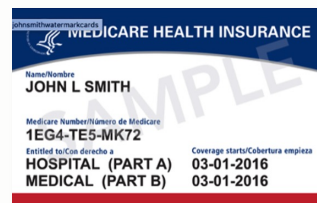
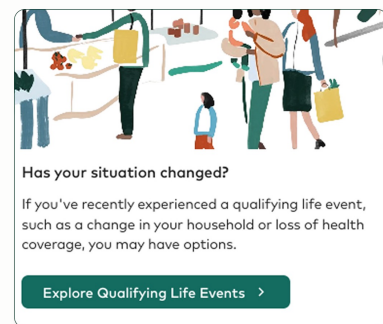
Schedule with SmartConnect

(<https://calendly.com/d/csrv-2fr-hzg/smartconnect-phone-consultation-take-command>)

Call: **833-366-0729**

3. Update Take Command with new Medicare coverage

- Log into your Take Command portal and select the "Qualifying Life Events" module on your dashboard and follow the prompts. Enter effective date, select "Involuntary loss of coverage", upload proof of coverage documentation.
- Proof of coverage documentation should include the covered individual's name, effective dates, and benefit premium amounts. Examples include:
 - Red, White & Blue card: This will establish your proof of coverage, and you can automatically be reimbursed for the year's Standard Part B monthly premium (\$202.90 for 2026).
 - Social Security Administration letters with benefit premium and deduction amounts
 - Medicare premium billing statement



Additional Information

- If your spouse becomes Medicare eligible, the same steps above apply.
- If using Take Command's AutoPay solution for your individual plan:
 - AutoPay will end with your individual plan. You will instead receive reimbursements for Medicare coverage, up to your monthly allowance.
 - If your spouse or dependents are also on your individual plan, AutoPay will also end for their premium payments. They will need to update the payment method with the carrier to use their personal bank account for premium payments.
- If you (an employee) transition to Medicare, and you also have a spouse or dependents who were on your individual plan and will continue to stay on that plan, you will need to submit a new claim (recurring premium) and updated proof of coverage for them in the Take Command platform.
 - This document should include their names and new premium amount. Setting this new recurring premium will allow their premium to be included in the reimbursement from your employer (up to your monthly allowance).
 - Although a spouse and/or dependents who may have been on an "Easy Enroll" plan will now be considered "Self-Enroll", they can ask their carrier to retain Take Command as agency of record (AOR).