



Dear Valued Client:

Is your firm subject to Working Aged Provisions of federal law (TEFRA/DEFRA)?

When an employer has significantly more or less than 20 employees, this question can be answered with a simple "Yes" or "No". However, if your group varies between 17 and 23, the answer may not be simple at all.

The Tax Equity and Financial Responsibility Act of 1982 (TEFRA) and the Deficit Reduction Act of 1984 (DEFRA) apply to Medicare eligible employees and Medicare eligible spouses respectively. These laws require employers with 20 or more employees to offer Medicare eligible **active** employees, as well as their Medicare eligible spouses, the same group health plan coverage under the same conditions as are offered to employees who are not Medicare eligible.

Furthermore, the Working Aged Provisions address whether your employer sponsored plan or Medicare would be the Primary Payor.

- **If a group has less than 20 employees**, Medicare would be the Primary Payor (some exceptions may apply). Any Medicare eligible employee or spouse covered under this group plan should be enrolled in Part B.
- **If a group has more than 20 employees**, Medicare would be the Secondary Payor (some exceptions may apply). Since the employer sponsored plan would be the Primary carrier, Part B would not be required.

All active employees are included in the employee count. Example:

Work Location By State	Number of Employees				
	Full-Time	Part-Time	Retired	COBRA or State Continuee	Other
NJ	12	3	0	1	0
NY	4	2	0	0	0
TOTAL	16	5	0	1	0

This group would have a total employee count of 21 (16 Full Time and 5 Part Time). COBRA participants and State Continuees are not actively at work; therefore they are not included. Note that you would only be subject to the law if you employed 20 or more employees for 20 weeks in the current or prior calendar year.

Making sure your insurance carrier has accurate up-to-date information on your account is essential to avoiding, or at least limiting, the exposure to claim issues. As always, please do not hesitate to contact our office with any questions.

Sincerely,
PSI CONSULTANTS, LLC