



FIGHTING for PENNSYLVANIA FAMILIES

The Health Care Enrollment Reform Modernization and Navigation (HERMAN) Act – S. 5088

Why do we need the HERMAN Act?

Thousands of seniors who work after they turn 65 face unexpected health care costs as a result of two antiquated Medicare Part B enrollment policies that treat employees of small and large employers disparately.

Individuals who continue working beyond age 65 may elect to continue their employer-sponsored health insurance, rather than enroll in Medicare. This option works well for individuals who have group insurance through large employer plans – employers with more than 20 employees – because the employer-sponsored plan pays the majority of health care costs and Medicare pays any remaining balances.

However, small group health employers – employers with less than 20 employees – provide coverage that is “secondary” to Medicare Part B. Current policies direct Medicare to pay primary coverage, with the employer-sponsored plan paying any remaining costs. Seniors enrolled in these plans are often unaware that this coverage is secondary, and they may fail to enroll in Medicare, instead relying on their employer coverage. As a result, when a senior has an outpatient health care claim, it may be denied or only partially paid by the small group insurer. This is due to the requirement that Medicare pay first, even though the senior did not enroll. This results in senior being responsible for the majority of their bill, with inadequate coverage.

What will the HERMAN Act do?

The bipartisan HERMAN Act would require clearer coordination between small group health plans and Medicare. Small group plans would be prohibited from reducing benefits simply because a senior did not enroll in Medicare Part B.

Original Senate Sponsors: Senators Bob Casey (D-PA) and Rob Portman (R-OH)