FEHBP and Medicare: Make the BEST Choice

A NARFE Federal Benefits Institute Webinar

Presented by Tammy Flanagan
Medicare

Original Medicare:

Part A—Hospitalization
Part B—Doctors services, outpatient care

Part C—Medicare Advantage Plans
Includes Part A and Part B

Part D—Prescription drug coverage
FEHB

• Federal Employees Health Benefits Act of 1959
• OPM has the authority to contract with insurers and prescribe regulations
• Employees & retirees access the same plans at the same cost
• $40 billion in health care benefits annually
• 8.2 million federal employees, retirees and their dependents
• About 85% of federal employees participate
• About 90% of retirees participate
Test Your Knowledge

When did federal employees begin paying into Medicare?

A. 1960  
B. 1965  
C. 1983  
D. 2001
When did federal employees begin paying into Medicare?

A. 1960
B. 1965
C. 1983
D. 2001
Did you know?

You are not required to enroll in Medicare at age 65

Your Federal Employees Health Benefits plan will continue to provide coverage
Part A - The Easy Part!

No premium, covered by 1.45% Hospital Insurance Tax

In general, Part A covers:

- Hospital care
- Skilled nursing facility care
- Nursing home care (as long as custodial care isn't the only care you need)
- Hospice
# Part A - Hospital Insurance

<table>
<thead>
<tr>
<th>Days</th>
<th>Medicare pays</th>
<th>FEHB pays</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days 1 - 60</td>
<td>All but $1,260 deductible</td>
<td>$1,260 deductible</td>
</tr>
<tr>
<td>Days 61 - 90</td>
<td>All but $315 / day of each benefit period</td>
<td>$315 / day</td>
</tr>
<tr>
<td>Days 91 and beyond</td>
<td>All but $630 / day up to 60 days per lifetime</td>
<td>$630 / day</td>
</tr>
<tr>
<td>Beyond lifetime reserve days</td>
<td>$0</td>
<td>All Costs</td>
</tr>
</tbody>
</table>
Excerpt from 2015 OPM Carrier Call Letter

Newly Medicare-eligible federal retirees are enrolling in Medicare **Part B** in declining rates. Reasons:

- Not enough incentives to enroll
- OPM recommends:
  - Reduced cost-sharing
  - Improve coordination of pharmacy benefits
Advantages of enrolling in Medicare A & B

Caution: Many of the advantages of enrolling in Medicare A & B are realized after Medicare is primary payer.
# Primary Payer

**Reference Pamphlet:**
*The Federal Employees Health Benefits Program and Medicare (RI 75-12)*

<table>
<thead>
<tr>
<th>When you - or your covered spouse - are age 65 or over and have Medicare and you…</th>
<th>Medicare</th>
<th>FEHB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have FEHB coverage on your own as an active employee or through your spouse who is an active employee</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Have FEHB coverage on your own as an annuitant or through your spouse who is an annuitant</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>
When Medicare is primary...

- FEHB plans reap rewards by being secondary payer
- You will no longer need to use FEHB preferred providers
- You will no longer need precertification hospital stays
- Use any provider that accepts Medicare
- Providers are required by law to file claims
  – This is true whether or not they accept Medicare
When Medicare is primary...

• Lower out-of-pocket cost for health care
  – Some FEHB plans will waive
    • Deductibles
    • Co-payments
    • Coinsurance
  – Some FEHB plans will lower cost of prescription expenses

• Medicare specializes in the needs of the elderly and disabled
  – Skilled nursing care
  – Durable medical equipment
  – Physical, occupational and speech therapy
Medicare does not cover:

- Long-term care (also called custodial care)
- Most dental care
- Eye examinations related to prescribing glasses
- Dentures
- Cosmetic surgery
- Acupuncture
- Hearing aids and exams for fitting them
- Routine foot care
Some/all FEHB plans provide...

- Emergency care outside the United States
- Dental and Vision care (not all)
- Catastrophic coverage
- Prescription coverage
- Hearing aids (not all)
Latest on Medicare Part B

2016 Part B premium $121.80 / month

- “Hold Harmless” will remain $104.90
- Higher income beneficiaries will be $121.80 (or higher depending on your income).
Hold Harmless

No COLA for Social Security benefit

= 

No increase in Part B Premium

The provision protects only people who have Part B premiums withheld from their Social Security checks
NARFE President Richard Thissen issued the following response:

“NARFE has been sounding the alarm on this issue since July, and has been working continuously to urge Congress to find a solution. This fix may not be perfect, but it is a major victory. I want to thank the thousands of NARFE members who wrote or called their members of Congress to push them to address this issue.”
History of Part B Premiums

$121.80 x 12 months = $1,461.60 / year

$1,461.60 x 2 people = $2,923.20

<table>
<thead>
<tr>
<th>Year</th>
<th>Part B Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>1966</td>
<td>$3</td>
</tr>
<tr>
<td>1976</td>
<td>$7.20</td>
</tr>
<tr>
<td>1986</td>
<td>$15.50</td>
</tr>
<tr>
<td>1996</td>
<td>$42.50</td>
</tr>
<tr>
<td>2006</td>
<td>$88.50</td>
</tr>
<tr>
<td>2007</td>
<td>$93.50 or $121.80 (OR MORE) Higher premiums for high-income enrollees</td>
</tr>
<tr>
<td>2013</td>
<td>$104.90 Higher premiums for high-income enrollees</td>
</tr>
<tr>
<td>2014</td>
<td>$104.90 Higher premiums for high-income enrollees</td>
</tr>
<tr>
<td>2015</td>
<td>$104.90 or $121.80 (OR MORE)</td>
</tr>
<tr>
<td>2016</td>
<td>$104.90 or $121.80 (OR MORE)</td>
</tr>
</tbody>
</table>
Nothing else increased 4,000% (except maybe a Parker Pen set)

In 1966...

- Average Cost of new house: $14,200.00 ($270,200 in 2015)
- Average Income per year: $6,900.00 ($46,481.52 in 2014)
- Gas per Gallon: 32 cents ($2.59 in 2015)
- Average Cost of a new car: $2,650.00 ($31,252 in 2015)
- Dishwasher: $119.95 ($500.00 in 2015)
- Parker Pen Set: $11.95 ($414.95 in 2015)
If your yearly income in 2014 (for what you pay in 2016) was

<table>
<thead>
<tr>
<th>File individual tax return</th>
<th>File joint tax return</th>
<th>You pay (in 2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$85,000 or less</td>
<td>$170,000 or less</td>
<td>$121.80</td>
</tr>
<tr>
<td>above $85,000 up to $107,000</td>
<td>above $170,000 up to $214,000</td>
<td>$170.50</td>
</tr>
<tr>
<td>above $107,000 up to $160,000</td>
<td>above $214,000 up to $320,000</td>
<td>$243.60</td>
</tr>
<tr>
<td>above $160,000 up to $214,000</td>
<td>above $320,000 up to $428,000</td>
<td>$316.70</td>
</tr>
<tr>
<td>above $214,000</td>
<td>above $428,000</td>
<td>$389.80</td>
</tr>
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Test Your Knowledge

Percentage of non-pediatric primary care physicians who accept Medicare in the United States

A. 50%
B. 72%
C. 93%
D. 35%
Test Your Knowledge

Percentage of non-pediatric primary care physicians who accept Medicare in the United States

A. 50%
B. 72%
C. 93%
D. 35%
More than 9 in 10 primary care physicians accept Medicare—similar to private insurance—but acceptance of new Medicare patients is comparably lower.

Percent of non-pediatric primary care physicians accepting new/current patients, by insurance type, 2015

- **Medicare acceptance: 93%**
  - 72% Accepts new patients with given insurance type
  - 21% Accepts given insurance type, but not currently taking new patients with that insurance type
  - 2% Does not accept patients with given insurance type
  - 2% Not applicable, No response

- **Private insurance acceptance: 94%**
  - 80%* Accepts new patients with given insurance type
  - 14%* Accepts given insurance type, but not currently taking new patients with that insurance type
  - 4% Does not accept patients with given insurance type

- **Medicaid acceptance: 67%**
  - 45%* Accepts new patients with given insurance type
  - 22% Accepts given insurance type, but not currently taking new patients with that insurance type
  - 32%* Does not accept patients with given insurance type

NOTE: Analysis excludes pediatricians. (+) The overall percent of primary care physicians accepting Medicaid increases to 71% when pediatricians are included in analysis. (*) indicates statistically significant difference at the 95% confidence level from Medicare. Percentages may not sum to 100 due to rounding.

SOURCE: The Kaiser Family Foundation/ Commonwealth Fund 2015 National Survey of Primary Care Providers
Finding Medicare Doctors

Medicare Physician Compare

National Active and Retired Federal Employees Association
Enrolling in Medicare

**Initial Enrollment:** 7 months beginning 3 months before you turn 65

**General Enrollment:** January 1 - March 31 (coverage begins July 1)

**Special Enrollment:** 8 months following end of employment that included group health insurance coverage
Enrolling in Medicare

Enrollment is automatic for Medicare Part A and Part B if you are:

• Receiving benefits from Social Security or the Railroad Retirement Board
• Under age 65 and have a disability.
• Diagnosed with ALS (Amyotrophic Lateral Sclerosis, also called Lou Gehrig's disease).
• Living in Puerto Rico and get benefits from Social Security or the RRB.
Enrolling in Medicare

- Apply online
  www.ssa.gov
- By phone
  1-800-772-1213
- In person at
  any Social Security office.
## What Are The Options?

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change FEHB plan</td>
<td>Less expensive plans available</td>
</tr>
<tr>
<td>Delay Part B enrollment</td>
<td>Incur 10% surcharge for every 12 months delay</td>
</tr>
<tr>
<td>Use TRICARE for Life</td>
<td>Only available to military retirees and spouses</td>
</tr>
<tr>
<td>Use Medicare Advantage Plans</td>
<td>May incur higher out of pocket expenses</td>
</tr>
</tbody>
</table>
# Cost of FEHB Plans

<table>
<thead>
<tr>
<th></th>
<th>Self Only</th>
<th>Self Plus One</th>
<th>Self Only</th>
<th>Self Plus One</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>APWU High Option</strong></td>
<td>$173.34</td>
<td>$335.98</td>
<td><strong>GEHA Standard</strong></td>
<td>$112.21</td>
</tr>
<tr>
<td><strong>APWU CDHP</strong></td>
<td>$112.54</td>
<td>$247.58</td>
<td><strong>GEHA HDHP</strong></td>
<td>$117.00</td>
</tr>
<tr>
<td><strong>BCBS / Standard</strong></td>
<td>$217.06</td>
<td>$501.17</td>
<td><strong>MHBP Value Plan</strong></td>
<td>$128.16</td>
</tr>
<tr>
<td><strong>BCBS / Basic</strong></td>
<td>$148.38</td>
<td>$348.29</td>
<td><strong>MHBP Standard</strong></td>
<td>$151.63</td>
</tr>
<tr>
<td><strong>GEHA High Option</strong></td>
<td>$217.43</td>
<td>$496.51</td>
<td><strong>MHBP HDHP</strong></td>
<td>$140.55</td>
</tr>
</tbody>
</table>
## Cost of FEHB Plans

<table>
<thead>
<tr>
<th>Plan</th>
<th>Self Only</th>
<th>Self Plus One</th>
</tr>
</thead>
<tbody>
<tr>
<td>NALC High</td>
<td>$157.19</td>
<td>$351.60</td>
</tr>
<tr>
<td>United Healthcare of CA High</td>
<td>$158.10</td>
<td>$302.90</td>
</tr>
<tr>
<td>NALC CDHP</td>
<td>$108.46</td>
<td>$235.51</td>
</tr>
<tr>
<td>United Healthcare of CA Standard</td>
<td>$139.46</td>
<td>$272.38</td>
</tr>
<tr>
<td>NALC Value</td>
<td>$93.38</td>
<td>$202.79</td>
</tr>
<tr>
<td>Kaiser Mid-Atlantic High</td>
<td>$156.24</td>
<td>$398.99</td>
</tr>
<tr>
<td>SAMBA High</td>
<td>$289.88</td>
<td>$655.93</td>
</tr>
<tr>
<td>Kaiser Mid-Atlantic Standard</td>
<td>$116.44</td>
<td>$263.14</td>
</tr>
<tr>
<td>SAMBA Standard</td>
<td>$137.45</td>
<td>$302.40</td>
</tr>
<tr>
<td>Aetna Direct</td>
<td>$118.33</td>
<td>$259.50</td>
</tr>
</tbody>
</table>
How to choose?

• Consider a less expensive FEHB plan
• Compare cost of prescriptions
• Compare Medicare enrollment incentives
• Is there a health fund or do you have an HSA?
• Do you have any chronic illnesses?
• Do you need additional dental / vision plan?
Use Tools to Compare

Office of Personnel Management

Health & Insurance COMPARE PLANS

- Find plans by location
- Find plans by name
- Find plans by plan code

Enter up to 4 plans

https://www.opm.gov/healthcare-insurance/healthcare/plan-information/compare-plans/
Use Tools to Compare

Office of Personnel Management

Choose a Plan & Enroll

FEHB Plan Information for 2016

https://www.opm.gov/healthcare-insurance/healthcare/plan-information/plans/
Use Tools to Compare FEHB Plan Brochures Medicare info: Section 9

Aetna HealthFund® HDHP and Aetna Direct Plan

2016

An individual practice plan with a high deductible health plan (HDHP) option and an individual practice plan with a consumer driven health plan (CDHP) option

This plan's health coverage qualifies as minimum essential coverage and meets the minimum value standard for the benefits it provides. See page 4 for details.

Serving: In all 50 states and the District of Columbia

Underwritten and administered by: Aetna Life Insurance Company

Enrollment in this Plan is limited: You must live or work in our geographic service area to enroll. See pages 17-21 for requirements.

Enrollment codes for this Plan:

224 High Deductible Health Plan (HDHP) - Self Only
226 High Deductible Health Plan (HDHP) - Self Plus One
225 High Deductible Health Plan (HDHP) - Self and Family

N61 Aetna Direct Plan - Self Only
N63 Aetna Direct Plan - Self Plus One
N62 Aetna Direct Plan - Self and Family

IMPORTANT

• Rates: Back Cover
• Changes for 2016: Page 22
• Summary of benefits: Page 173
Use Tools to Compare

* narfe Magazine *
Age 65 and over without Medicare

- FEHB will limit payments for inpatient hospital care and physician care to payments you would be entitled to if you had Medicare.
- Your physician and hospital cannot bill you for more than they could bill you if you had Medicare.
- Outpatient hospital care and non-physician-based care are not covered by this law; regular Plan benefits apply.
- More information: Section 9 FEHB Plan Brochure
TRICARE for Life

- Must enroll in Medicare A & B
- May “Suspend” FEHB
- No need for Medicare Part D
- No need for Medicare Part C
- 1-800-538-9552
- 1-866-363-2883 (TDD/TTY)
- [http://www.tricare.mil/LifeEvents/Medicare.aspx](http://www.tricare.mil/LifeEvents/Medicare.aspx)
Low Income Benefits

• Medicare’s Low Income Benefits for people with limited income and resources
• Medicare prescription drug plan is available
• Information regarding this program is available through the Social Security Administration
• National Association of Area Agencies on Aging: http://www.n4a.org/
  – State Health Insurance Assistance Program (SHIP)
To Do List

• Consider Self Plus One (for family of two)
• Report Medicare enrollment to FEHB and doctors
• Compare and consider all available FEHB plans
• Attend a local health fair if available
• Consider future health care costs
• Spend as much time on choosing health plan as you do planning your next vacation!
Open Season

November 9 - December 14
To keep you and your eyes healthy, UnitedHealthcare Vision offers access to numerous eye doctors, affordable plan options and more.

Find a plan that's right for you.

www.myuhcvision.com/fedvip
1.866.249.1999