


OPEN SEASON WORTH A CLOSER LOOK

By Everett A. Chasen



Type of Plan:
Regional HMO or
National Fee-for-Service


Coverage Options:
Self or Self + One or
Self + Family

Level of Coverage:
Basic or Standard
or High

Evaluate:
Deductible or
Premium or Copay

Do you need a:
Health Savings Plan or
Flex Spending Plan

Other Things to Consider:
Coordinating FEHB and
Medicare or Vision
or Dental

The background is a bright yellow color. Scattered throughout are several white, torn paper scraps of various shapes and sizes, some overlapping. In the bottom-left corner, there is a large, abstract, light blue shape that resembles a stylized wave or a piece of paper being torn away.

Why it pays for federal employees and retirees to examine their health care coverage every year

The annual Federal Benefits Open Season is an opportunity for federal employees and retirees to reassess the health care coverage that they and their families receive. For many, it's an opportunity to save money or increase coverage—yet, according to the Office of Personnel Management (OPM), only 5 to 6 percent of FEHB employees and retirees change their plan each year.

Many who switch do so because of significant life events like marriage, divorce, retirement, reaching the age of eligibility for Medicare or becoming disabled. These life cycle events allow federal employees and retirees to switch coverage even outside of Open Season. But for those whose lives are not dramatically changing and who are eligible to participate in the Federal Employees Health Benefits (FEHB) program, what should they do at Open Season time? If they are satisfied with their current coverage, should they ignore the event or look at available alternatives?

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“People should at least take some time each year to evaluate whether or not their current plan is the best one to have next year,” says James Marshall, owner of Federal Retirement Planning LLC (www.federalretirementinfo.com), and a consultant with NARFE’s Federal Benefits Institute. “They should at least do a few minutes of research, and if that initial research indicates they need to take more time to dig into more details, then they should take the time to do so.”

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If nothing else, Marshall suggests, “employees and retirees should at least look at any upcoming changes by reviewing their plan brochures, which are updated by the carrier each year.”

These updates are usually available on individual plan websites by mid-to-late October, even though OPM typically waits until Open Season begins before publishing the information. “If you go to the carrier’s website in October to review the new brochure, you don’t

have to wait until Open Season begins (Nov. 9 in 2020) to get started,” Marshall tells us.

“Section Two of every brochure talks about the changes that are coming up for the plan,” he explains. “Look at new costs and benefits, and whether the plan’s service area is expanding or contracting. If you’re happy with the changes they’re making and don’t want to see what other plans might be doing, then feel free to stop there.”

“If you want to continue, however, take a look at what’s on OPM’s website (www.opm.gov) or Consumer Checkbook’s annual ‘Guide to Health Plans for Federal Employees.’” A comparison display on OPM’s site and a comparison tool in the online version of the Checkbook guide make it easier than ever to compare plans.

“FEHB is a very valuable benefit, not only for federal employees and retirees, but also for the people who are married to them,” says Marshall. “When you leave most private companies in the United States, you’re usually not permitted to keep your health plan any more—at least not at the rates you were paying while you were fully employed. FEHB still helps retirees pay for their coverage—as much as 75 percent of their health insurance. That benefit by itself can save you thousands of dollars in retirement income compared to everyone else. Plus, you’ve got so many plans to choose from!”

Evaluating Health Plans

“Looking carefully at alternatives is very rare,” says Walt Francis, who prepares the Checkbook guide with his coauthor, Kevin Moss. “People should make sure their benefits have not gotten worse, their premiums are not out of whack, their doctors are still in their plan, and the expensive drug they are taking is still on the plan’s formulary.”

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Once you have the guide in hand, you have a great way to compare anything that's important to you—cost, plan service, dental and vision coverage under FEHB plans, and those offered by the Federal Employees Dental and Vision Insurance Program (FEDVIP). You're able to see those benefits in real time across plans and you're able to sort them by fields like cost, benefits and coverage."

"Open Season is also a time for people to reconsider their family's health situation," Francis continues. "If you're going to have a baby next year, you're going to want to check maternity coverage. Maybe you know you'll need an operation next year. How does your plan cover surgical services compared to some other plan?"

Francis understands that most people don't want to read 30 or 40 brochures about FEHB plans available in their area. Instead, he suggests using Checkbook's and OPM's plan comparison guides, comparative sources people can use to determine which plans to check out.

Checkbook's tool asks subscribers to answer a few questions about themselves, including age, Medicare status, family size and geographic location. Once they enter the information, the tool evaluates all available plans and tells them which plans are the best choices for their family. Both Checkbook's and OPM's tools allow users to compare costs and benefits for three or four plans at a time.

"It's a guide for what to look at," Francis explains. "It doesn't mean you should automatically switch to, or keep, the plan we rate the highest. It just means you should consider whether your current plan is among the half-dozen or so plans we've come up with for you. We may be able to save you money compared with your existing plan. Most people will be very surprised— some families can save as much as \$2,000 a year in premiums and out-of-pocket costs by changing plans."

OPM offers an interactive map of the United States on its website that allows you to look at all plans available in the state you live in and includes links to the plans' brochures, changes from the previous year and links to the directory of in-network providers each plan maintains. Checkbook's guide offers similar information.

Areas to Examine

A recent OPM survey indicated that the most important thing people look at when considering a health plan is total cost. "We've been advocating for 40 years that people should be guided by cost—both total premium and out-of-pocket," says Checkbook Guide coauthor Moss.

"For us, that's the most important thing people should be considering. It should narrow down the field, and then, when you have four or five plans left, look at other benefits. Our tool lifts those benefits out of the plan brochures and allows you to see what they really are. Then, when you need more detail, go to the plan brochure.

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Francis says, “Once you’ve done that, you start diving into plans more deeply by looking at things like prescription plans and doctor networks.” He also suggests if you have a physician you want to keep, call your doctor to verify they are participating in the plan you like before selecting it.

Referencing the health plans, Francis says, “There are a lot of good choices out there. Many people think they know what’s out there, but they don’t.” He cites new plans added just last year that could save retirees who have signed up for Medicare a significant amount of money.

Francis also suggests that employees and retirees can save money by using high-deductible health plans with a health savings account (HSA) or a health reimbursement arrangement. These plans provide traditional medical coverage and a triple-tax-advantaged way to help build savings for future medical expenses while providing greater flexibility and discretion over how your health care benefits are used.

You may contribute funds to your HSA for a tax deduction, earn interest on the account tax-free, and withdrawals are not taxed for qualified medical expenses. “They’re like Roth IRAs on steroids,” says Francis, “and most federal employees don’t even know about them!”

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Flexible Spending Accounts (FSAs) are pre-tax benefit accounts used to pay for eligible medical dental and vision care expenses not covered by your health care plan or elsewhere. With FSAs, participants

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use pre-tax dollars to pay for qualified out-of-pocket health care expenses. These accounts are not available to retirees.

“Everyone should have one,” says Francis. “It will give you a tax cut on all your health expenses. It’s like having a 20 to 30 percent rebate on your costs—so why not take the rebate?” Despite this, only about 20 percent of employees sign up for FSAs. While unused money can be carried over from year to year, new accounts must be established during Open Season.

The FSAFeds website, www.fsafeds.com, provides more information on the program, including calculators to help participants estimate their contributions and potential savings.

Another issue to consider in choosing a plan is the services it offers. Some plans offer chiropractic care, acupuncture, infertility treatment support, hearing aid coverage, weight loss and other wellness programs, while others do not.

“When you buy a health plan,” says Francis, “you are buying insurance. And a big part of that insurance is avoiding catastrophic costs. How well does each plan protect you against that? We show you the worst that could happen to you in every plan, taking into account both the plan’s premium and its catastrophic guarantee. There are huge plan-to-plan variations.”

This year’s version of the Checkbook tool and book includes information on telehealth



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for the first time, an increasingly important issue given the COVID-19 pandemic. “There are huge plan-to-plan differences in terms of telehealth costs and which doctor you get to talk to—yours, the plan’s or some doctor from a third-party service. We’re going to help users understand what plans are offering,” explains Moss.

The FEDVIP program, which offers employees and retirees additional vision and dental coverage, is something else to consider during open season. “Several FEHB plans offer vision and dental coverage, but some don’t—so that’s the beauty of having access to the FEDVIP program,” Marshall tells us. “You have the option to sign up for coverage, change

coverage plans and cancel FEDVIP coverage during Open Season every year.”

OPM maintains a comparison tool for dental and vision plans that’s available at opm.gov, and BENEFEDS, the enrollment webpage for FEDVIP, has one as well at www.benefeds.com.

When considering staying with your health plan or making a switch, it’s important to know how well each plan serves its customers. OPM requires all FEHB plans to survey users every year on how well the plan treated them, and that information is included in their plan comparisons. Checkbook adds the additional factor of tracking how many people complain to OPM about a plan’s coverage or service.

Once you’ve identified two or three plans that may be right for you, Francis suggests reading just the information that’s important to you—not the entire brochure—to see if there’s a difference that matters.

“Many of these plans have more similarities than differences,” says Marshall. “They all have family coverage, they all have no preexisting condition exclusions, they all have prescription drug coverage and catastrophic limits—and you can always switch plans every year for the rest of your life.”

“If you’ve checked into everything else, if you’ve taken into account any surgeries you may be having in the next year, if you’ve looked into the cost of your medications, and you’ve made sure that your doctor will still be in the plan next year, and you want to stick to the plan you’ve got, that’s a fine choice,” Francis concludes. “But you want to be sure to make that choice after doing some homework. Keep your eyes open!”

The Checkbook Guide is available in online or print format at www.Guidetohealthplans.org or by calling 888-596-0729. The cost is \$11.95 for the online version, \$16.95 for print, and \$21.95 for both. NARFE members receive a 20 percent discount by using the code 20NARFE. The 2021 version will be available November 9, the first day of FEHB Open Season.

Whether you decide to use its comparison tools, the ones offered by OPM and Benefeds, or a hand-drawn chart with pencil and paper, putting in a little work every year during Open Season could result in a big payoff.

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