

## Suspending FEHB vs. Canceling FEHB

Throughout your federal career, you have probably heard that you should never cancel your Federal Employees Health Benefits (FEHB) coverage. It's true that the decision to suspend or cancel one's FEHB plan should not be entered into lightly. However, certain scenarios outlined by the Office of Personnel Management (OPM) can make the decision easier.

If you are an annuitant and your spouse is an active federal employee, it may make sense to move under your spouse's FEHB plan and take advantage of the pretax premium. In that case, you must cancel your own FEHB coverage. This is the one exception that allows the annuitant to reinstate their FEHB coverage later if/when desired or needed. The annuitant and spouse should always coordinate the effective date of this move with both OPM and the employed spouse's agency to ensure that there is no break in health insurance coverage.

OPM Form 2809 - "Health Benefits Election Form," states, "Generally, you cannot reenroll as an annuitant unless you are continuously covered as a family member under another person's enrollment in the FEHB program during the period between your cancellation and reenrollment. If you cancel your enrollment because you are covered under another FEHB enrollment, you can reenroll from 31 days before through 60 days after you lose that coverage under the other enrollment."

So, why not just suspend FEHB coverage? OPM states that you can only suspend FEHB coverage in certain circumstances: if you are enrolling in a Medicare HMO or Medicare Advantage plan; enrolling in Medicaid or a similar state-sponsored program of medical assistance for the needy; or enrolling in TRICARE, the Peace Corps or CHAMPVA.

Well, why not just maintain your own FEHB coverage? Here is some food for thought.

Are you looking for tax savings? The FEHB premiums for current federal employees are withheld pretax, which reduces taxable income. While Self Plus One coverage is

a bit more expensive than carrying two Self Only plans, the tax savings will usually result in a net positive outcome.

Additionally, if you are the annuitant and reach age 65, you can delay your enrollment in Medicare because you are covered under your federally employed spouse's



FEHB plan. Once your spouse retires, you will be eligible to enroll in Medicare without a late enrollment penalty during the eight-month Special Enrollment Period. Depending on how long your spouse continues working, this could be worth thousands of dollars in savings.

Once both federal spouses are retired (assuming both qualified for retirement immediately upon separating from federal service), if there are no children under the FEHB plan, it typically makes sense to switch back to two separate Self Only plans. As always, there may be exceptions to consider. Is one spouse a retired public safety officer who can claim a \$3,000 per year tax exemption toward the cost of his or her FEHB coverage? Is one family member chronically or seriously ill? Will he or she incur large out-of-pocket expenses where the catastrophic limit for everyone under the plan is reached before the end of each year?

There is rarely a one-size-fits-all solution for something as individual as health care. Do your research. There may be a solution you have yet to consider.

For further information, contact [fedbenefits@narfe.org](mailto:fedbenefits@narfe.org).