

Open Season Trick or Treat

By Tammy Flanagan

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Since its inception in 1960, the Federal Employee's Health Benefits Program has offered only two enrollment types, but now it's finally offering a third option for a family of two. According to the Office of Personnel Management, [Self Plus One enrollment](#) allows you to cover yourself and one eligible family member you designate. Starting in 2016, all FEHB plans will offer Self Only, Self Plus One, and Self and Family coverage options.

Employees and retirees will be able to enroll in Self Plus One coverage during the 2015 open season. Employees who neglect to make a change during open season will remain in their current enrollment unless they experience a qualifying life event, in which case they will have the option to make changes at that time. Retirees may decrease enrollment at any time, however. Open season changes are effective Jan. 1, 2016, for annuitants, and on the first full pay period in January 2016, which for most employees will be effective on Jan. 10, 2016. Employees can make open season enrollment changes using [Standard Form 2809](#) or Employee Express if offered by their agency; retirees can use [Office of Personnel Management Form 2809](#) or OPM's Annuitant Express system.

Family members eligible for coverage under Self Plus One enrollment include:

- A spouse (including a valid common law marriage)
- A child under age 26 (including a legally adopted child or stepchild)
- A foster child if they live with you in a regular parent-child relationship
- A child age 26 or over who is incapable of self-support due to a mental or physical disability that existed before age 26

OPM's Web site answers some [frequently asked questions](#) about this new option, but I found two of these FAQ's a little perplexing:

Will Self Plus One cost less than two Self Only enrollments or a Self and Family enrollment?

It will be very important during this year's open season to look at the rates for the plan you are in and for other plans as well. It may be possible to save money by enrolling in Self Plus One, but you should review your health benefit needs and the available FEHB plans to determine which plan is best for your needs.

They didn't say that the self plus one enrollment will cost less, did they? They said, "It may be possible to save money."

How will OPM determine the weighted average used to set the government contribution for plan year 2016?

The weighted average for Self Plus One will be based on the 2016 Self Plus One premiums and the 2015 Self and Family headcount.

The headcount is a report agencies submit to OPM to show the number of enrollments in FEHB and other insurance plans. OPM must determine the FEHB programwide weighted average of premiums no later than Oct. 1, which immediately precedes each FEHB contract year. The cost of health insurance premiums are driven by many factors. Earlier this year Eric Katz and I both [wrote about the reasons](#) why [health insurance costs continue to increase](#).

For those who are healthy, the main expense is the health plan premium; the lower the premium, the better, since all FEHBP plans cover preventative care. For those suffering from chronic illnesses, deductibles, copayments and coinsurance can cause health care costs to increase due to frequent visits to health care providers. An unexpected major health event can bring the catastrophic protection benefits of all FEHBP plans into play. Also, consider your eligibility for Medicare and whether it will be the primary or secondary payer of your medical expenses. For retirees, Medicare is generally the primary payer and most federal health plans offer incentives for enrolling in Medicare A & B including waiver of some out of pocket costs such as the deductible, coinsurance and copayments.

Taxes are also a factor in the cost of your health insurance. Will you be paying for premiums and out of pocket expenses with pre-tax or post-tax income? For most federal employees, the premiums are paid with pre-tax dollars, which can result in big savings. Unfortunately, for federal retirees, the premiums are paid with after-tax dollars. If you are part of a federal couple, and one of you has retired and the other spouse is still employed, perhaps the federally employed spouse should consider carrying the health plan for both of you. Once you are both retired, then you might consider having two self only enrollments if the overall cost makes sense, or stay in a Self Plus One or Self and Family enrollment.

For federal employees, both premiums and out of pocket healthcare expenses can enjoy significant tax advantages. For retirees, healthcare savings accounts or the HSA's cousin, healthcare reimbursement accounts, are available to help offset out of pocket healthcare expenses with tax-free dollars. To learn more about HSA and HRA check out the consumer driven and high deductible health plan choices (CDHP and HDHP).

The big surprise for many people is that there isn't much difference in the premium between self-and-family and the new self-plus-one enrollment because of the number of older retirees who will be the prime candidates for the new option. You can find the [complete list of 2016 premiums](#) on the OPM website. Even more surprising is that in some cases, it is less expensive to continue enrollment in Self and Family. How can that be? I [explained it last year](#) when I answered a question from a reader.

It isn't too early to begin taking a close look at your healthcare expenses for 2015 and consider ways to lower those expenses in 2016. Stay tuned to this column for more information regarding your health plan choices during open season.

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