

Money-Saving Medicare Tips

By Tammy Flanagan

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Last week, we looked at the [rising costs of Medicare Part B](#) insurance, which helps cover doctors' services and outpatient care. Many federal employees and retirees are wondering whether they need to sign up for the increasingly expensive Part B, since they typically already carry Federal Employee Health Benefits Program coverage into retirement.

Let's look at some specific Medicare-related questions I've received lately that may provide insight into how you could save some money on health costs.

I have Medicare A and B and I did not sign up for Kaiser's Senior Advantage for FEHBP members. I have high option with Kaiser, but I am thinking of dropping to the standard self-only plan, which is about \$65 less a month (this will vary depending on what part of the country you live in). Medicare B is getting so expensive, and I am not on Social Security so they can keep increasing my rates like crazy. This would provide a big savings that I could contribute to paying my Medicare premium.

You are correct that switching from high option to standard option will save money on your premiums. Not enrolling in Part B would provide an additional savings every month while you are healthy. It sounds like your plan is to continue enrollment in Medicare A and B, but to switch to the standard option of your health plan while you are enjoying good health. That makes sense to me. However, to understand the full benefit of maintaining the high option or adding Part B, it is also important to look at the copays and the catastrophic limits on your out-of-pocket expenses when you need care.

The big issue is how much out-of-pocket expenses can cost if you are suffering from a chronic illness or two. This is when the benefit of the dual coverage with Parts A and B, along with FEHBP coverage, can pay for itself. For now, if you are enjoying good health, I think it is wise to use the lower option health plan to save some premium dollars. Remember that retirees over age 65 have a personal open enrollment that can be used once, any time after turning 65. Use qualifying life event 2L on [OPM Form 2809](#).

The reason you may not want to put off Part B enrollment is that for every 12 months you delay enrollment past age 65, there's a 10 percent addition to the premium. There is a special enrollment period where the penalty is waived for those who continue working past 65 or are covered by a spouse who is working and has their health insurance premiums deducted from a paycheck rather than a retirement check.

I'm a federal employee who is retiring at age 66 with 39 years of federal service. My wife is also a federal employee who is 60 with 15 years of federal service and is not planning to retire yet. If I do not get Medicare Part B, then we'll have just FEHBP and could add Part B later, but at a penalty. If I drop my FEHBP insurance, I can never get it back again as a retiree, right?

In this situation, I would consider having your wife carry FEHBP health insurance for you while she's still an employee. This way, you will qualify for a [special enrollment period for Part B](#) after your wife retires, and you'll save the cost of Part B as long as she continues her employment. If you cancel your coverage to enroll under your wife's self plus one option, you can later enroll when she retires or even if she decides to leave federal service before collecting an immediate retirement benefit. This is not the same as canceling FEHBP coverage entirely, since the coverage will continue through your wife's enrollment. You are eligible to continue health benefits coverage if you've been continuously enrolled or covered as a family member in any FEHBP plan for the five years of service immediately before the date your annuity starts.

It seems like many or most doctors (including my own) do not accept Medicare. Where can I get the facts on how many doctors do and do not accept Medicare?

You can find [Medicare participating providers](#) at Medicare's website. In general, it pays to talk to your doctor about your Medicare enrollment and continuation of your FEHBP coverage as your secondary coverage. There is a difference in dual enrollment with FEHBP and Medicare A and B versus enrolling in a Medicare Advantage Plan (also known as Medicare Part C). With a Medicare Advantage plan, you may be required to pay more out-of-pocket expenses that can make treating a chronic medical condition unaffordable and frustrating for the physician recommending treatment. In addition, you may have more restrictions when using providers outside of your plan's network.

Some doctors may not accept new Medicare patients, but will continue to see their current patients who turn 65. Since many FEHBP plans will waive your deductibles, copays and coinsurance when Medicare is primary, the dual coverage will allow your providers to care for you without you having to worry about unaffordable out-of-pocket costs.

I'm considering getting Medicare Part B and dropping my FEHBP insurance, and maybe buying a private Medigap insurance policy, because full FEHBP insurance is so much more expensive than Medigap insurance. Is this a bad idea?

I think dropping out of FEHBP is a terrible idea. Remember that under FEHBP, the government pays 72 percent of your premium and you have comprehensive preventative coverage and excellent catastrophic protection. In addition, every year there's an open season to select a different plan if the one you have is not currently meeting your needs.

Federal retirees become Medicare-eligible at age 65. This means their hospital bills (except for the deductible) are paid by Medicare Part A during the first 60 days of hospitalization. That money is no longer paid out by the FEHBP insurer. With that being the case, why do feds continue paying the same premium for FEHBP insurance after they turn 65?

Part of the answer is that FEHBP was created five years before Medicare was established in 1965, and 23 years before federal workers began paying the Medicare tax in 1983. But that doesn't justify why the premiums aren't set differently for Medicare-covered retirees. The government's share of premiums is set by law, so Congress would have to address this issue. In the meantime, there are many health plans to choose from, and some provide more financial incentives for Medicare enrollees than others.

Photo: 401kcalculator.org

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<http://www.govexec.com/pay-benefits/retirement-planning/2016/11/money-saving-medicare-tips/133074/>