

Government Executive

The \$1,258 Question

By Tammy Flanagan

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In 2015, Medicare Part B premiums will be \$104.90 per month per person, or \$1,258.80 a year. The good news is that's unchanged from this year. The bad news is that feds who will turn 65 in 2015 will need to make a decision about whether or not to enroll in Part B and pay this additional premium on top of what they already pay for Federal Employees' Health Benefits Program coverage.

Let's look at some of the advantages of adding Part B and some ideas to how to make the dual coverage more affordable. But before we begin, here's a quick overview of Medicare's four parts:

- **Part A** covers hospital care for overnight stays, care in a skilled nursing facility, hospice care and home health services. There is no premium for Part A as long as you or your spouse has paid the Medicare tax during employment. All federal employees have paid this tax since 1983. The military has been covered by Social Security payroll taxes since 1957.
- **Part B** covers medically necessary services and supplies that are needed to diagnose or treat an illness or medical condition and that meet accepted standards of medical practice. Part B covers some preventative care, but not all.
- **Part C** is a collection of plans under the Medicare Advantage umbrella. These plans sometimes cover services that aren't deemed medically necessary under Medicare. They may also offer extra coverage for services like vision, hearing, dental and other health or wellness programs. If you stay enrolled in a FEHBP plan, then you would not need a Medicare Part C plan. If you decide to enroll in a Medicare Advantage Plan, you have the option of suspending your FEHBP coverage if you are retired from the federal government.
- **Part D** is Medicare's prescription drug coverage. If you have FEHBP, you will not need to enroll in Part D, because your FEHBP plan will cover your prescriptions as well and often better than a Part D plan. If you find you're paying a lot of money out of pocket for copayments on your prescriptions, you may consider enrollment in a Part D plan or changing your FEHBP enrollment to something that is more cost-effective in covering such expenses.

I can think of only one reason not to enroll in Medicare Part A when you turn 65: If you want to contribute to a [health savings account](#). Part B, though, is a different, more complicated, story.

Cost Conundrum

The dilemma with Part B mainly comes down to cost. There is a monthly premium that you need to pay per person, in addition to your FEHBP premium. And if you are a wealthier 65-year-old, the [premiums are higher](#).

Not only is it expensive to enroll in Medicare Part B, but you may not get your money's worth. Of course, that could be viewed as a good thing, because it would mean you were healthy. And lest you think you should just wait to sign up, there's a penalty if you delay your enrollment to a time when you're more likely to benefit from the additional coverage. Part B premiums go up by 10 percent for every year you delay enrollment past your 65th birthday.

Still, it's usually to your advantage to delay Part B enrollment past age 65 if you're covered under a group health plan based on current employment. This includes FEHBP if the premiums are being deducted from your paycheck and not your CSRS or FERS retirement benefit. This exception also applies to your spouse, who may be covered under your FEHBP if you are still working for the federal government.

If you delayed Part B enrollment because you were still covered by a health plan through current employment, you have a special enrollment period to sign up for Parts A and B any time as long as you or your spouse (or family member, if you're disabled) is working. You also have an eight-month special enrollment period to sign up for Parts A and B that starts the month after the employment stops or the group health plan insurance based on current employment ends, whichever happens first. Usually, you don't pay a late enrollment penalty if you sign up during a special enrollment period.

If you missed your general enrollment at 65 and you are no longer employed and covered by current employment health insurance, then it's time to consider enrollment in Part B.

Dual Enrollment Advantages

There are three main advantages to having dual enrollment under FEHBP and Medicare Parts A and B:

- Many FEHB plans will waive or lower your out-of-pocket expenses (deductibles, copayments and coinsurance) when Medicare is the primary payer (usually after you are retired).
- Medicare caters to the needs of the elderly. Some services are covered more generously by Medicare than FEHBP and when combined with FEHBP coverage often result in 100 percent coverage.
- If you're covered by both Medicare and FEHBP, you have some security: There's always the possibility that one or the other plans changes in the future, but even if that happens, you'll be able to fall back on the fact that you are covered for most health care expenses that you might face.

If you're going to turn 65 next year, this open season (which runs through Dec. 8) might be a good time to consider which FEHBP plan will work best with Medicare. It may not be the same one you've been using throughout your federal career.

To evaluate the coordination of coverage between FEHBP and Medicare, review Section 9 of your [FEHBP brochure](#). Narrow your selection to a few plans in your area that may be well suited to your needs. Also, GEHA, an FEHBP plan provider, has produced a [YouTube series](#) that provides an overview of how all FEHBP plans coordinate with Medicare. And the National Active and Retired Federal Employees of New York has a [website on the subject](#).

As I mentioned last week, I am participating in several open season events where I will be discussing Medicare and FEHBP. Consider signing up for the [three-part webinar series](#) that I'm conducting with Micah Shilanski. The last part is specifically dedicated to Medicare and FEHBP. You also can tune in to the series of "For Your Benefit" programs on [Federal News Radio](#) that I co-host with Bob Leins. These shows air on Mondays at 10 a.m. on AM 1500 in the Washington area and also are archived online. Upcoming open season programs will include:

- Nov. 17: SAMBA FEHBP and FLTCIP
- Nov. 24: Aetna FEHBP
- Dec. 1: Kaiser FEHBP
- Dec. 8: Open Season Wrap-Up

Also, feel free to use the comments section below to ask your questions about FEHBP choices. I'll take up some of them in a future column.

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