

Recoup Some Savings During Open Season

By Tammy Flanagan

November 27, 2015

I hope that some of you have the day off and are recovering from a wonderful Thanksgiving holiday. If you are shopping today, then you must be looking for a bargain. You need look no further than your annual health benefits open season. There may not be an actual sale going on, but by spending some time studying your options, you may find enough savings to cover the cost of what you may have spent on Black Friday.

When shopping for health insurance there are many moving parts and many choices to make, which can make this a complicated and frustrating exercise. It reminds me of [Aesop's fable about a cat and a fox](#). As a pack of dogs goes after the cat and the fox, the fox selfishly refuses to share with the cat the numerous ways to escape. The cat knew only one means of escape -- to run up the nearest tree. As the fox contemplated the hundreds of options, the dogs arrived and tore the poor fox to pieces. The lesson for health insurance shoppers? Don't become paralyzed by all the options.

There are other psychological reasons why we are resistant to change. One is information overload. Psychologist Barry Schwartz describes the [Paradox of Choice](#) as a condition that causes anxiety and reduces happiness. According to Schwartz, there are ways that we can simplify and reduce that choice-driven anxiety. Let's apply his principles to choosing the best health plan!

Step One: Figure out your goals.

Find the best health plan for your budget and for each option, determine the following:

- What are the premiums?
- Does the plan have a deductible?
- What are the copays and coinsurance amounts?
- Does the plan offer a Health Fund or Health Savings Account?
- What is the catastrophic limit on your out of pocket expenses and are there restrictions?
- Does the plan have a preferred provider network or does it require that you use network providers?

Find the best health plan for your health (and family) based on pre-existing conditions.

Consider tax advantages of flexible spending accounts and health savings accounts.

If part of a federal couple (two federal employees, retirees or one of each), factor this into your considerations.

Consider the need to change from self and family enrollment to the new self plus one enrollment.

Consider whether you will need dental and vision supplements and review those plans.

Define any changes you want to make and write them down.

Step Two: Evaluate the importance of each goal.

- Is saving money important more important than the time it will take to evaluate the choices?
- What are the obstacles to making a change?
- What are the benefits of making a change?
- Are there health issues that will limit the choice of plan?
- Do you need more education on the tax issues surrounding your choices?
- Federal couples can take advantage of two self only plans if there are no dependent children.
- Federal couples where one spouse is retired and the other is working may have a tax advantage if the working spouse carries the health insurance. This may also allow a delayed enrollment in Medicare Part B without incurring a penalty.
- The new option for 2016 is self plus one; what is the impact of making this change if you are part of a family of two (you and a spouse or a dependent child)?
- Put a numerical rating on the importance of your choices.

Step Three: Array the options.

You don't have hundreds of options, but you do have a dozen or more. Here is [a link to the list of plans available](#) where you live:

Some plans offer a high option, standard option, value option, consumer driven option and a high deductible option. Do you understand the difference? This is key to making the best choice. [Here are some definitions.](#)

I presented a webinar last month for www.ltcfeds.com titled, "FEHB, FEDVIP, FEGLI, FLTCIP, FSAFEDS, and ... BENEFEDS?" where [these terms were discussed](#). Use a comparison tool to help decide:

- [OPM's plan comparison](#)
- Consumer's Checkbook [Guide to Federal Health Plans](#)

Step Four: Evaluate how likely each of the options is to meet your goals.

- Do you need more information? Go back to the earlier steps
- You may also need to contact representatives of the plan(s) you are considering to ask additional questions. The phone numbers are available in each plan brochure or at the plan's web site.
- Make a list of the pros and the cons of each choice.

Step Five: Pick the winning option.

- If the option is different from your current coverage, you will need to take action.
- The Office of Personnel Management has [provided information](#) for employees and retirees who need to make an open season change.

Step Six: Modify goals.

Open season will end on Dec. 14. Don't wait until the last minute or your fear and anxiety over the paradox of choice will increase. Remember, you can always make another change next year.

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<http://www.govexec.com/pay-benefits/retirement-planning/2015/11/recoup-some-savings-during-open-season/124000/>