

Last Chance to Save Some Bucks on Health Insurance

By Tammy Flanagan

December 4, 2014

The 2014 health benefits opens season will end on Monday, Dec. 8. For most of you, this will be the last chance to evaluate your health care choices until the next open season. There are a lot of reasons for federal employees and retirees to consider changing their current coverage and to evaluate whether to set up a flexible spending account or add supplemental dental or vision coverage.

Here are the excuses I frequently hear for not changing plans or adding benefits during open season:

- It's too complicated.
- I'm afraid I'll overlook something that will end up costing me more money next year.
- I don't want to change doctors.
- My plan is accepted everywhere, and I'm not sure my doctor has even heard of some of these other plans.
- If I don't spend the money in my flexible spending account, I will lose it.
- It's too hard to read the brochures, since each one is over 150 pages long.
- There are too many choices.
- I'm happy with what I have.

Why It's Worthwhile

All of the above concerns are valid. But even if you're content with your current coverage, and it takes a little time to consider changing health plans, there good reasons to go through the exercise of reviewing your choices each year:

All federal health plans are good, even great, but some are better for you and your family. The savings from choosing the best health coverage can add up to significant dollars -- in some cases thousands.

All federal [health plan brochures are available online](#) and you can search for specific keywords in them.

All federal health plans have expanded and improved their [websites](#) and have features to make it easier to evaluate each plan by including links to participating doctors, coordination with Medicare, wellness resources, medical and pharmacy benefits, comparisons of different plan options, overseas coverage and more.

The underlying insurance network may be different from the plan name. For example, M.D.IPA of Virginia uses United Healthcare's network and SAMBA uses CIGNA's.

Federal health plans have changed over the years. The lines between preferred provider organizations, health maintenance organizations, and fee for service operations have blurred. Most PPO/FFS plans will be much less expensive to use as long as you stay within the preferred provider network. Many of these plans need referrals for certain types of tests and approvals and pre-certification for certain types of care. Some HMOs are now "open access," meaning you can get care outside of the HMO network for a larger out-of-pocket cost. HMOs also allow you to choose among many different doctors within

their network based on your preference rather than assigning a doctor to you.

Taxes and insurance are more interconnected than ever before. Federal employees and retirees should consider tax savings when making open season elections. Employees lower their taxable income and increase take-home pay by participating in flexible spending accounts or health savings accounts. Premium conversion allows employees to deduct their share of health insurance premiums from their taxable income, thereby reducing their taxes. Some federal retirees may also enjoy similar tax savings by participating in health savings accounts with high deductible health plans if they're not covered by any other insurance.

You and your family have changed over the years:

- The best plan for a single person may not be the best plan for a married couple or a family.
- Someone who has no pre-existing health problems may save money with a value plan, high-deductible plan or consumer-driven plan.
- High-income employees and retirees may benefit from maximizing the tax advantages of a high deductible health plan with a health savings account.
- Retirees over 65 should look for plans that have the best Medicare coordination and think about their prescription drug coverage needs.

Making the Change

I reached out to some of my friends and neighbors and offered to help them consider their options during this open season. Here's what happened.

Three retirees sat down with me and we used a variety of tools, including the [Consumers' Checkbook Guide to Health Plans for Federal Employees and Annuitants](#) and the [Office of Personnel Management's plan comparison tool](#), to look at a variety of options for health insurance and dental and vision plans.

All three were over age 65 and were covered by Medicare Part A and Part B. And all of them ended up changing their health plan because they didn't realize how much they were spending on premiums compared to other options.

To make the decision, we looked at Section 9 of the plan brochures to see how the plans coordinated benefits with Medicare. We also contacted the plans online and by phone to verify that the retirees' prescriptions would be covered, as they were under their existing plans.

Since they were retirees, we were able to use OPM's [Open Season Online](#) system and make changes in in coverage in less than five minutes.

I also had conversations with three of my friends who are still employed in government. They were not able to schedule dedicated time to sit down with me and dive into their health care choices. I encouraged them to do this on their own.

Three Steps

If you're interested in maximizing your health care dollars next year by finding the best health plan for you and your family, here is a three-step process that might help you.

Step One: Look at your current plan and consider how much you spent out of pocket for health care in 2014. What were the premiums for your plan? What did you like about your health care? Did you have any concerns or issues? Do you have any new health care needs for next year?

Step Two: Find the available health plans in your area. Review plan ratings for your family size and health care needs using the Consumers' Checkbook guide, and use OPM's plan comparison tool to evaluate plans side by side. Compare the following:

- Premium (back cover of plan brochure)
- Deductible (Section 4 of plan brochure)
- Copayments in and out of network (Section 4 of plan brochure)
- Coinsurance in and out of network (Section 4 and 5 of plan brochure)
- Health fund or health savings account? (If applicable, this information will be in Section 5 of plan brochure)
- Do your doctors participate in the plan's network? Contact your doctor or visit the plan's website.
- Coordination with Medicare if applicable (Section 9 of the plan brochure or go to the specific plan's website to find out more)
- Specific health needs (maternity, prescriptions, chiropractic, etc.). Use the plan brochure (Section 5) or visit the plan's website for specific information about coverage.

Step Three: Choose your plan for 2015. If you decide to stay with your current plan, you don't need to do anything. To change plans, employees may be able to use an [automated enrollment system](#). Annuitants can use OPM's online open season system.

Finally, after you're done, consider enrolling in the [Federal Employees Dental and Vision Program](#) and setting up a [flexible spending account](#).

How long did that take? Don't you feel better? Maybe now you can look forward to more than a 1 percent pay increase or 1.7 percent cost of living increase next year because you've freed up more of your take-home dollars by making smart choices for your health care.

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<http://www.govexec.com/pay-benefits/retirement-planning/2014/12/last-chance-save-some-bucks-health-insurance/100503/>