

5 Reasons to Consider Changing Your Health Plan

By Tammy Flanagan

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A statistic that comes up during every health benefits open season is the fact that only about 5 percent of federal employees (and an even lower percentage of retirees) change their plan in the Federal Employees Health Benefits Program each year. Earlier this week, I was teaching a class and talking about the upcoming open season, which runs from Nov. 11-Dec. 9. At the end, one attendee told me, “Every year, I tell myself that I should do a plan comparison to see if I should switch health plans. But I procrastinate and when the time comes to sit down and do it, it’s January and I have to wait for the next open season.”

Many employees and retirees are tightening their belts due to pay freezes, low retiree cost-of-living allowances, furloughs and shutdowns. Devoting an afternoon or evening to evaluating your health plan choices -- before the end of open season -- might be a way to free up some money next year.

Here are five reasons to at least consider changing your federal health plan coverage.

1. You’ve had the same plan your entire career and have never really paid much attention to open season. Even if you haven’t changed plans, your plan might have changed. You should first check the [rates for 2014](#). Some plans are keeping the same rates, but many have increased their premiums and a few have actually reduced them. A couple of plans have employee contribution increases of 20 percent to 30 percent. This will affect more than 150,000 employees in the Washington metro area alone. Also, be sure to review any changes in your plan for 2014. Closer to Nov. 11, the 2014 brochures will be [available here](#). Finally, make sure your health care providers will continue to be in your plan’s network in 2014.

2. You will qualify for Medicare next year (or you are already covered by Medicare and didn’t reconsider your health coverage). Medicare is not mandatory for FEHBP enrollees, it is a choice. Check Section 9 of your current plan brochure for information on coordinating benefits with Medicare and other coverage. Many FEHBP plans provide incentives to enroll in Medicare by offering waivers of deductibles, copayments and coinsurance. These benefits are available when Medicare becomes the primary payer. When you’re considering a health plan to coordinate with Medicare, be mindful of the prescription coverage of your health plan, unless you plan to enroll in a Medicare Part D drug plan. Most federal health plans will cover your prescriptions as well or better than a Medicare plan. And remember, you don’t have to wait for the next open season to change your FEHBP coverage when you are eligible for Medicare. There is a one-time only “personal” open season available to you after you reach age 65. [Here’s more information](#).

3. You’re able to contribute the maximum every year to your Thrift Savings Plan. If you are maximizing your savings potential and the tax advantages of the TSP, you might be a prime candidate to enroll in a high deductible health plan that allows participation in a health savings account. If you are not covered by Medicare, Tricare or any other health plan besides the HDHP, then you will be able to contribute up to \$3,300 in 2014 for self-only coverage and

up to \$6,550 for self and family enrollment. You can fund the plan by transferring money from an existing individual retirement account. Your HDHP health plan will rebate a portion of your premium into your HSA (or health reimbursement account if you are not eligible for an HSA) each year. The money in the HSA is deposited tax-free and is withdrawn tax-free as long as it is used for medical expenses. So think of an HSA like a health insurance IRA: You don't have to spend your contributions, and you can let the money accumulate with no maximum cap until you incur medical expenses -- at which time you can withdraw the funds tax-free.

4. You or a family member has experienced a change in health. If you have developed a chronic condition, are expecting a child or have recovered from a serious medical condition, the health plan you currently have may not be the best plan for next year. Coverage for physical therapy, for example, varies widely among federal health plans.

5. You and your family are in great health and only need good preventative care. If you're in great shape physically, congratulations. You only need coverage for routine care and catastrophic protection. All federal health plans provide this protection, but some do so with higher premiums and out-of-pocket costs than others. So do some comparison shopping.

I've been asked why I spend so much time talking about health insurance open season in a retirement planning column. The reason is health costs can be a major expense in your retirement years. If you're living in retirement on a fixed income -- meaning no more promotions or step increases -- then one of the ways to manage your expenses is to control your health care costs. Federal employees are fortunate to have many insurance options to choose from. So why aren't they taking advantage of them?

The National Institute of Transition Planning Inc., which produces the "For Your Benefit" program on Federal News Radio on Mondays at 10 a.m. ET, will feature several shows on the FEHBP open season. [Here's more information.](#)

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<http://www.govexec.com/pay-benefits/retirement-planning/2013/10/5-reasons-consider-changing-your-health-plan/72605/>