Federal Retirees & Medicare

(Associated Open Enrollment: Mid November – Mid December, Coverage Effective January 1)

Unlike most other retirees, federal retirees are not required to enroll in Medicare in order to be covered by a Federal Employee Health Benefits (FEHB) plan. However, the decision to enroll or not enroll in Medicare requires careful consideration.

Should I enroll in Medicare Part A? If you are entitled to premium-free Part A, you should take it. This may help cover some of the hospital related costs that your FEHB plan may not cover, such as deductibles, coinsurance, and charges that exceed the plan's allowable charges.

Should I enroll in Medicare Part B? Since there is a monthly premium for Part B, it is important to understand the potential benefits of having Part B in addition to an FEHB plan:

- If you are enrolled in an FEHB fee-for-service plan and Medicare Parts A & B, you will have very comprehensive coverage with little or no out-of-pocket expenses.

- If you are enrolled in an FEHB Health Maintenance Organization (HMO), Part B will not cover the co-pays that most HMOs charge for medical services. However, in an HMO, you are limited to network providers. Having Part B allows you to go outside that network and see any provider that accepts Medicare. (You will be responsible to pay the usual co-insurance and deductibles associated with Part B services.)

- Medicare Part B may cover some services and supplies that some FEHB plans may not cover such as orthopedic and prosthetic devices, durable medical equipment, home health care, and medical supplies.

**IMPORTANT NOTE** There is a “Late Enrollment Penalty” for Part B: If you delay enrollment in Part B, but sign-up at a later date, you will pay a penalty on top of your premium. This penalty will increase the longer you wait to enroll in Medicare after you are first eligible. Enrollment in an FEHB plan does NOT protect you from this late enrollment penalty. In addition, you should keep in mind that FEHB plans are renewed yearly. Plans may change coverage, cost, benefits or be terminated. This should be taken into consideration when deciding whether to enroll in Part B.

Should I enroll in Medicare Part D? All FEHB plans offer comprehensive (“creditable”) drug coverage so you do NOT need to enroll in a Part D plan. However, if you have limited income and resources you may benefit from enrolling in Part D if you qualify for the federal “extra help” program that helps cover prescription drug costs. Enrolling in a Part D plan will not disenroll you from your FEHB plan.

Will my FEHB premiums be reduced if I enroll in Medicare? Your FEHB premiums will not be reduced if you enroll in Medicare. Retirees pay the same FEHB premium as active employees.

Can I change my FEHB plan? Yes, you may change your FEHB enrollment to any available plan at any time beginning 30 days before you become eligible for Medicare. You may also change your enrollment during the annual Open Season, or because of another event that permits enrollment changes such as a change in family status or moving to a new area.

If I have Medicare, does it make sense to switch to a lower cost FEHB plan? Once Medicare becomes the primary payer, you may find that a lower cost FEHB plan is adequate for your needs since many plans waive deductibles and coinsurance for those with Medicare. Carefully review your plan’s benefits before you make any changes (i.e. gap in skilled nursing benefit).

Where Can I Get More Information About Medicare and FEHB?

- The FEHB website at: www.opm.gov/insure/health/medicare

- See “The Federal Employees Health Benefits Program and Medicare” at www.opm.gov/insure/archive/health/medicare/75-12-FINAL.pdf

Revised 3/2013

Adapted from the MetroWest SHINE Program