

# Medicare and the FEHB Putting It Together

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# FOR YOUR INFORMATION

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- This information applies **only** to Federal employees/annuitants
- Not applicable to individuals without FEHB
- Not applicable to private sector (commercial insurance)
- **Biggest** question: What about Part B?

# Acronyms I will use

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- **FEHB** – Federal Employees Health Benefits Program
- **FFS** – Fee-for-Service
- **HMO** – Health Maintenance Organization
- **OOP** – Out of Pocket
- **OPM** – Office of Personnel Management

# First Up: Medicare and Overseas

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- Medicare doesn't cover care you receive outside the U.S. except in certain **limited** situations
- Medicare Part B **MAY NOT BE** for you if you spend significant time or reside outside the United States and do NOT intend to travel in the U.S.
- Medicare Part B **MAY BE** for you if you spend significant time or reside in the United States
- Medicare Part A is good to have for most retirees

# Medicare Overview

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- Four Parts of Medicare:
  - A, B, C, D
  - Premium Costs
  - Out-of-Pocket Costs
  - Provider Types
- Medicare Coverage & FEHB
- No Medicare Coverage & FEHB

# Medicare Has Four Parts

Parts	Type of Insurance	Monthly Premium
<b>Part A</b> (Original Medicare)	Hospital Insurance	Free (in most cases)
<b>Part B</b> (Original Medicare)	Medical Insurance	<b>\$134/month</b> for 2018 (Standard before MAGI – Means Testing)
<b>Part C –</b> (Medicare Advantage)	Comprehensive	Includes Part B premiums. May be additional premiums
<b>Part D</b>	Prescription Drug Coverage	Varies by plan

# Medicare Part A: Covered Services

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- Hospital Insurance covers
  - **Inpatient** Hospital Care, not observation care, which is outpatient
  - Hospice care services
  - Limited Inpatient care in Skilled Nursing Facility (**NOT** custodial or long term)

# Medicare Part A: Quick Facts

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- **Everyone eligible for premium-free Part A should enroll**
- You should consider enrolling at age 65 whether you are working or retired
- When you start receiving **Social Security** benefits, you may be enrolled in Parts A & B\* automatically
- \*If you do not want Part B, then you need to notify Medicare and return the card



# Medicare Part B: Covered Services

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- Covered services include:
  - Doctors' services, labs and XRays
  - Outpatient hospital services, including observation care
  - Durable medical equipment
  - Kidney dialysis
  - Certain preventive and screening services
  - Yearly "Wellness" visit – NOT a Routine Physical Exam

# Medicare Part B: Quick Facts

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- Enrollment in Part B is voluntary at age 65
- Must pay a monthly premium
- **May pay a penalty if not enrolled at first opportunity** and decide to enroll at a later date, BUT
- Can defer Part B under certain situations, such as:
  - Employed and covered under group health plan based on **current** employment

# 2018 Part B Premium: Modified Adjusted Gross Income (MAGI) Two Year Look-Back on Income

Income: Individual 2016 Tax Year	Income: Jointly 2016 Tax Year	2018 Monthly Premium
\$85,000 or below (SS) 2018 SS increase > Medicare	\$170,000 or below 2018 SS increase > Medicare	\$134
\$85,000 or below (SS) 2018 SS increase < Medicare	\$170,000 or below (SS) 2018 SS increase < Medicare	less
\$85,000 or below (not SS)	\$170,000 or below (not SS)	\$134.00
\$85,001 - \$107,000	\$170,001 - \$214,000	\$187.50
\$107,001 - \$133,500	\$214,001 - \$267,000	\$267.90
\$133,500 - \$160,000	\$267,000 - \$320,000	\$348.30
Above \$160,000	Above \$320,000	\$428.60

# Medicare Part C (Medicare Advantage Plan - MAP): Quick Facts

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- Comprehensive type options approved by Medicare
- May receive additional benefits (e.g., vision, dental, podiatry) and lower cost-sharing
- Receive Part A and Part B coverage, but not from Original Medicare – different OOP costs and rules apply
- Can suspend FEHB coverage if enrolled in MAP
  - Can return to FEHB at Open Season if loss of MAP is voluntary
  - Can return to FEHB immediately if loss of MAP is involuntary, i.e. MAP discontinued

# Medicare Part D: Quick Facts

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- Prescription Drug Coverage
- Costs vary by plan
- Most people will pay
  - Monthly premium (MAGI applies)
  - Deductible, copays, coinsurance
- Late enrollment penalty for individuals who do not enroll during their initial enrollment period and do not have creditable coverage
- All FEHB Plans offer creditable coverage

# Who Should Consider Enrolling in Medicare Part D

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- Federal retirees likely will not benefit from enrolling in Medicare Part D and paying extra for prescription drug benefits
- However, retirees with limited resources may want to consider enrolling in Medicare Part D if they qualify for extra financial help available under Part D program

# Signing Up for Medicare at Age 65

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- Initial Enrollment Period – 7 months
  - 3 months/birthday month/3 months
- Special Enrollment Period
  - 8 month period after employment ends or **current employment** group health plan ends
  - **Retiree health plans don't count as "current"**
  - Required forms: CMS-40B application and CMS-L564 proof of current employment coverage (signed by employer)
  - Start early! Have HR complete shortly before retirement date\*
- General Enrollment Period\*
  - Annually – January-March

\*Part B Late Penalty – as long as you have Medicare: 10% for **each** full 12-month period you didn't sign up

## ■ **Notify your FEHB Plan**

Information accurate as of 06/01/2018

# Medicare Out-of-Pocket Costs in 2018

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## ■ Part A

- Hospital deductible: \$1,340 for inpatient days 1 through 60 of each benefit period
- Additional \$335 daily copay for inpatient days 61 through 90
- Additional \$670 daily copay for days over 90
- Skilled Nursing Facility (SNF): \$167.50 daily copay for days 21 through 100 (**ONLY SKILLED CARE**)



# Medicare Out-of-Pocket Costs in 2018 (cont.)

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## ■ Part B

- Yearly deductible: \$183
- 20% coinsurance
- Extra billing by non-participating physicians – depending on your FEHB Plan

And let's talk about physicians.....

# Retired Over 65: FFS Medicare B Primary Provider Accepts Assignment

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- Participating providers agree to
  - Bill Medicare for patient services
  - Be paid by Medicare (Get the amount Medicare approves for their services)
  - Charge only the Medicare deductible and/or coinsurance amount
- FEHB Plans will cover cost-sharing

# Retired Over 65: FFS Medicare B Primary Provider Does Not Accept Assignment (Non-Participating Providers)

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- Physicians can charge more than the Medicare-approved amount, but there is a limit (limiting charge); usually about 15% more
- FEHB Plans will cover **regular** cost-sharing
- ***Patient responsible for the extra 15%***

# Provider Accepts Assignment / Does *NOT* Accept Assignment

	Provider Accepts	Provider <b>DOES NOT</b> accept
Billed amount	\$1,000	\$1,000
Medicare approved amount	\$800	
Medicare Limiting Charge = 115% of the Medicare approved amount		\$920
Medicare pays	- \$640	- \$640
FEHB plan pays 20% of Medicare approved amount	- \$160	- \$160
<b>Your liability</b>	<b>\$0</b>	<b>\$120</b>

# Retired Over 65: FFS Medicare B Primary

## *Private Contracts – Opt Out Providers!*

- Individual written agreement between you and your doctor not to bill Medicare:
  - Original Medicare, other Medicare plans and Medigap plans will **NOT** pay
  - You will pay **ALL** charges
  - No claim can be submitted to Medicare
  - You cannot be asked to sign in an emergency
- **FEHB plan will not pay any more than they would have paid if Medicare had made payment (generally 20%) Per Federal Regulation**

# Provider accepts assignment / Does not accept / **Private Contract**

	Provider Accepts	Provider does NOT accept	<b>Private Contract (Opt Out)</b>
Billed amount	\$1,000	\$1,000	\$1,000
Medicare Approved Amount	\$800		\$800
Medicare Limiting Charge = 115% of the Medicare Approved Amount		\$920	
Medicare pays	- \$640	- \$640	- \$0
FEHB plan pays 20% of Approved Amount	- \$160	- \$160	
FEHB plan pays 20% of Approved Amount			- \$160
<b>Your liability</b>	<b>\$0</b>	<b>\$120</b>	<b>\$840</b>

# FEHB FFS & Medicare

## Retired Over 65: Medicare A & B Primary

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- Plans fill **most** of the gaps in Medicare for services covered by them (be aware of SNF limits)
- Plans coordinate coverage (COB) with Medicare
- FEHB Plans are an “inexpensive” “Medigap” policy with excellent drug benefits
  - Some plans may offer lower RX copays or partial reimbursement for Medicare Part B premium
- Patient generally has little or no liability

**The FEHB plans remain primary for PRESCRIPTION DRUGS** (except for very limited number like injections at dr’s office, certain oral cancer drugs, immunosuppressive drugs, etc.)

# FEHB HMO & Medicare B: Retired Over 65

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- **FEHB** HMO enrollees may not need Medicare Part B
  - May not recover the cost of Part B expenses for benefits received
- However, Part B pays for
  - Costs involved with seeing providers outside of the HMO network
  - Costs for non-emergency care in the U.S. if travel involved



# Now for Something Different

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- We've covered what happens when you **DO** enroll in Medicare B
- What if you **DON'T** enroll in Medicare B?
  - Same excellent FEHB coverage, **only no coordination of benefits**
  - You **will** have OOP expenses
  - Federal law limits your liability to some extent

# What Happens if I DON'T Enroll in Medicare Part B?

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- By law, FFS plans must limit their payments for inpatient hospital care and physician care to those payments you would be entitled to if you had Medicare
- Your physician (Medicare participating & non-participating) and hospital cannot bill you for more than they could bill you if you had Medicare

# Retired Over 65: **NO** Medicare Part B

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- All Medicare Participating and Non-Participating Physicians
  - Law requires FEHB payment and your coinsurance to be based on
    - Amount set by Medicare, called “Medicare approved amount”, or
    - Actual charge, if lower than “Medicare approved amount”

**Because of the 5 CFR § 890.905 law, your liability is limited.**

**If you sign a private contract or receive services from an Opt Out physician, then you may be responsible for the difference between the full billed amount and the FEHB plan payment.**

# If Providers Refuse...

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- Your EOB should show how much the physician or hospital can collect.
  - If the Medicare physician or hospital tries to collect more than allowed by law, you should ask them to reduce the charges due to the **5 CFR § 890.905 law**.
- If you have paid more than allowed, you should ask for a refund.
- If you need further assistance, you should contact your health plan.

# What Happens if I DON'T Enroll in Medicare B?

## UPDATE

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- **OPT-Out Physicians**, outpatient hospital care and non-physician based care are **not** covered by this law. You are responsible for deductibles, coinsurance, copayments and any balance the provider charges
- **BUT**, your **FEHB** Plan's PPO discounts/R&C still apply
- See your plan's brochure for more details

# Medicare Part A&B & BCBS BASIC OPTION 2018

- Basic Option members enrolled in Medicare Part A and Part B are eligible for up to a \$600 reimbursement account.
- Account is used exclusively to pay for Part B premium
- For more information on how to obtain reimbursement:
  - [www.fepblue.org/mra](http://www.fepblue.org/mra)
  - Call 888-706-2583

**\*\*\*Pay close attention to the 2019  
Benefit\*\*\***

# And Finally...

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- Are you confused? You're in good company
- To enroll in Medicare Part B is a very **personal** decision
- Resources to help you find **your** right answer
  - <https://www.opm.gov/healthcare-insurance/healthcare/medicare>
  - [www.ssa.gov](http://www.ssa.gov)
  - [www.medicare.gov](http://www.medicare.gov)
  - <https://www.medicare.gov/sign-up-change-plans/index.html>
  - <https://www.afspa.org/filestoreAFSPA/FSBP-17MedicareBooklet.pdf>



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Information accurate as of  
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