

Health Insurance Questions and Answers

By Tammy Flanagan

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Last week, we covered the subject of the [relationship between Medicare Part B and the Federal Employees Health Benefits Program](#). Not surprisingly, this topic received a big response. Many readers commented that it is a good idea for retirees to have both Medicare Part A and Part B coverage, along with FEHBP. But others expressed continued confusion regarding the need for Medicare coverage in addition to FEHBP and even whether or not FEHBP was necessary if a retiree was on Medicare.

This week, I'll respond to some of their questions and concerns.

I could be wrong, but while my widowed grandmother was alive and living with my mobile brother, each time they moved she had a heck of a time finding a physician who would take Medicare patients. If you enroll in Part B, you'd be a "Medicare patient," and suffer the same problems.

According to the Kaiser Family Foundation [more than 95 percent of doctors accept Medicare](#), and half of those who do not are psychiatrists or boutique physicians who do not accept any insurance. The vast majority (96 percent) of Medicare beneficiaries report having a usual source of care, primarily a doctor's office or doctor's clinic. And 90 percent say they are able to schedule timely appointments for routine and specialty care.

I think an HMO is an advantage over other insurance in this regard, as the HMO covers (almost) everything, with small co-pays. I elected not to take Part B for that reason. It would take a lot of office visits at \$25 each to exceed the Part B cost of \$105 every month after age 65. The HMO becomes your secondary insurer, and in my case, has paid everything Medicare didn't with no paperwork. I declined the Medicare Advantage plans offered by my HMO for the same reason. Advantage waived all co-pays, but that wouldn't likely add up to the cost of Part B. (Hope I'm right -- it's still a gamble.)

Kaiser Permanente is one of the big HMOs that make an effort to provide extra benefits for federal retirees if they enroll in its Senior Advantage HMO. This choice can lower your out of pocket maximums to as little as \$600 per person from as high as \$2,200. Prescription co-pays are lowered from \$40 (formulary) and \$60 (non-formulary) to \$30. The \$100 copay for MRI/CT/PET scans is waived. Office visit, lab, and X-ray copays also are waived, along with the \$200 hospital admission charge. As I mentioned in last week's column, it is hard to justify the cost of Part B when you are healthy.

My dad, a former federal employee who is now 80, decided not to sign up for either Medicare plan. First of all, when you have both, guess who gets to try to figure out who pays for what when? How do you know when they have allocated the payments appropriately between them? Guess who gets to call both up to try to sort things out? Do you really want to deal with a government agency about your health care costs? I would much rather deal with the insurance company because I have had nothing but superior service from them. I suspect the same cannot be said of dealing with Medicare.

If your dad had an FEHBP plan and Medicare A and B, Medicare would be automatically billed first and the balance

would be sent to the FEHBP plan without any additional paperwork. There would be little to no out of pocket expense left for him to pay. This has become much easier in recent years due to changes in Medicare laws. Check Section 9 of your dad's FEHBP plan brochure for more information about coordinating coverage.

My father had APWU (FEHBP) as a retired fed, TRICARE for Life as a retired Air Force reservist, and Medicare A and B. We never had a major issue with any of his medical care being sorted out between the three, especially later in his life when his medical issues mounted. Even after his passing, as his executor, I did not have any problems with any of the three providers.

Although there is nothing wrong with having an FEHBP plan as well as Medicare A and B and TRICARE for Life, it is not necessary. Federal retirees can suspend their FEHBP coverage if they are also covered under TFL and Medicare. If one family member is not yet old enough for Medicare, then it might make sense to maintain all three plans for the retiree, but once a couple is both over 65, you likely will find that FEHBP does not provide enough extra benefit to be worth the additional cost.

I don't understand why anyone would keep FEHBP insurance if they decided to pick up Medicare Part B. They seem to be redundant.

Medicare, by itself, was never intended to be complete health insurance. Employer and supplemental plans always were needed to provide catastrophic protection and coverage for services that Medicare didn't provide. Until recently, Medicare only paid for one lifetime physical. Fortunately, health care reform has allowed annual physicals to be covered under Medicare.

I became eligible this year for Medicare but I declined Part B and hopefully won't need this coverage for years. I carry a Blue Cross/Blue Shield self and family basic plan in retirement. If they ever get around to offering self plus one health insurance coverage, I would gladly sign up for Part B. I'm sure the premiums would be a lot less costly under the self plus one and then I could take on Part B without feeling so much of a dent in my monthly premium payments.

Don't be too sure that a self plus one enrollment would be that much cheaper. Congress has directed the Office of Personnel Management to study this option for FEHBP, but one issue that might prevent a self plus one enrollment is the fact that many of those who might choose it would be retirees who fill many more expensive prescriptions than active employees. FEHBP differs from most other employer plans in that both current employees and retirees are covered with the same employer share of the premium. One thing that lowers retiree costs is the fact that most retirees who are eligible for Medicare choose to sign up for both Parts A and B.

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<http://www.govexec.com/pay-benefits/retirement-planning/2014/03/health-insurance-questions-and-answers/80056/>