



AnnVanderslice

RETIREMENT PLANNING STRATEGIES

Federal Benefits Made Simple®

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Medicare was enacted in July of 1965 when President Lyndon Johnson signed the bill into law that led to Medicare and Medicaid.
Former President Harry Truman was issued the first Medicare card.

Federal employees participate in the only group health coverage in the country that allows participants to “opt out” of Medicare Part B at age 65 (if retired). The confusion begins with the decision about whether to elect Part B. Medicare is divided into four parts, and the difference in the parts starts with what they cover.

Medicare Part A

Employees contribute 1.45% of each paycheck to cover the costs of Medicare Part A. At age 65, Medicare Part A is free (it was paid for while you were working).

Part A covers:

- Hospitalization (room and board only)
- Hospice care
- Home care
- Hospitalization has a deductible of \$1,484 which is often covered by Medicare supplemental insurance.

Medicare Part B

Part B is also known as “original Medicare.” It covers medical expenses such as:

- Medically necessary services -
 - Doctor’s fees, oxygen,
 - Ambulance services,
 - Durable medical equipment
- Preventative services -
 - Flu shots, Early detection testing such as mammograms or prostate cancer screening

However, Medicare excludes some items and services such as:

- Long-term care (custodial care)
- Most dental care
- Eye exams related to prescribing glasses
- Dentures
- Cosmetic surgery
- Acupuncture
- Hearing aids and exams for fitting them
- Routine foot care

Part B requires a monthly premium which is based on annual income two years’ prior to the current year. Premiums range from:

If your yearly income in 2019 was (for what you pay in 2021)			
FILE INDIVIDUAL TAX RETURN	FILE JOINT TAX RETURN	FILE MARRIED & SEPARATE TAX RETURN	YOU PAY EACH MONTH (IN 2018)
\$88,000 or less	\$176,000 or less	\$88,000 or less	\$148.50
above \$88,000 up to \$111,000	above \$176,000 up to \$222,000	Not applicable	\$207.90
above \$111,000 up to \$138,500	above \$222,000 up to \$276,000	Not applicable	\$297.00
above \$138,000 up to \$165,000	above \$276,000 up to \$330,000	Not applicable	\$386.00
above \$165,000 up to \$500,000	above \$330,000 up to \$750,000	above \$88,000 up to \$412,000	\$475.20
above \$500,000	above \$750,000	above \$412,000	\$504.90

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Medicare Part C

Also known as Medicare Advantage, Part C is offered by private companies approved by Medicare. In a Medicare Advantage Plan, you are considered to have Medicare. You still have both Medicare Part A and Part B coverage which is provided by the private Medicare Advantage Plan.

There may or may not be an additional premium for Medicare Part C, but you must have both Part A and Part B in order to be eligible for Part C.

Medicare Part D

To get Medicare prescription drug coverage, you must join a plan run by an insurance company or other private company approved by Medicare. Each plan varies in cost and drugs that are covered.

NOTE: All Federal Employee Health Benefit Plans "FEHB" include prescription drug coverage that is Medicare compliant. You do not have to enroll in Part D when eligible, and if you decide later that you want to enroll in Part D, you may do so without incurring a penalty, as long as you enroll during Medicare's annual Open Season.

Enrollment

Part A - enrollment is within a 7-month window of eligible participant's 65th birthday (three months prior to birthday month, month of birthday, three months after birthday month).

Part B - enrollment is within the 7-month window of participant's 65th birthday, if retired. If participant continues working after age 65 in a federal position with FEHB coverage, they have 8 months after retirement to enroll in Part B with no penalty.

General enrollment is from January 1 to March 31 annually. The penalty for enrolling outside of the above time frames is 10% per year for each year that the participant should have been enrolled, but wasn't.

If your spouse is covered under your FEHB plan and they turn 65 while you are still working, they do NOT have to make the Medicare Part B decision until 8 months after you retire.

Enrollment is Online at: www.ssa.gov (that's right - it's not on the Medicare website???)

Pros and Cons to electing Part B for federal employees

Pro:

By paying for Part B along with your FEHB plan (FEHB becomes your supplement), most FEHB coverage waives your co-pays and deductibles giving you fixed expenses for healthcare. You pay the appropriate Medicare Part B premium (based on your income) plus your FEHB premium (there is no reduction to your FEHB premium for enrolling in Medicare), but nothing else comes out of your pocket.

Con:

Medicare becomes the primary payor when you elect Part B along with your FEHB, so you must go to a provider who accepts Medicare. Even if the provider is in your FEHB network, that doesn't guarantee they accept Medicare.

Bottom line:

It boils down to (fixed) cost vs. choice.

Other considerations:

Currently (2021), six FEHB carriers offer incentives to federal employees to enroll in Medicare Part B.

Check out the options for:

Aetna

APWU - High

United Healthcare

Blue Cross Blue Shield - Basic

Kaiser

GEHA - High