

Federal Retirees and Medicare

Q: Should Federal Retirees Enroll in Medicare Part A?

A: If you qualify for premium-free Part A it is probably a good idea to enroll in Part A when you turn 65. Part A and your FEHB plan work together, giving you greater benefits than FEHB alone. [Retired Federal employees (and spouses) are eligible for Medicare Part A at no cost if they have at least 10 years of Medicare-covered employment (40 quarters), during which they paid into Medicare payroll tax, are 65 years or older and are citizens or permanent residents of the U.S.]

If you must pay for Part A, you may choose not to enroll and rely solely on your FEHB plan to cover hospital-related expenses. [Individuals who have fewer than 40 quarters of credit may buy into Medicare Part A by paying a monthly premium in 2020 of \$252 (30-39 quarters) or \$458 (fewer than 30 quarters).]

IMPORTANT: If you are an active federal worker over age 65 and you are contributing to a Health Savings Account (HSA) coupled with a High Deductible Health Plan, you may want to delay Medicare Part A enrollment. Why? You may incur significant tax penalties on any HSA contributions you make while you are enrolled in Medicare. If you apply for Part A after you are 65, the Part A effective date is retroactive six (6) months (but not before your initial eligibility date). So, you should stop making HSA contributions six (6) months before you enroll in Part A.

Q: Should Federal Retirees Enroll in Medicare Part B?

A: It is your choice. Many do but some do not. You **do not** have to take Part B coverage and your FEHB fee-for-service plan cannot require you to enroll. The decision is up to you. There are some advantages and disadvantages to enrolling in Part B.

Q: Why enroll in Medicare Part B?

A: If you are enrolled in an **FEHB fee-for-service plan** and Part B you may have 100% coverage for Medicare covered services (no deductibles or copays) if the doctor “accepts assignment”—that is, if he or she accepts the Medicare approved amount for the service.

If you are enrolled in an **FEHB managed care plan** and enroll in Part B you may reduce or eliminate some of the deductibles and copays, in most cases. If you receive services from providers outside your FEHB plan’s network, Part B may pay



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some of the costs. Part B may also pay for costs of non-urgent care in the US when you travel outside your plan's service area.

If you FEHB plan has limited coverage for certain services--such as orthopedic devices, durable medical equipment, home health care and medical supplies -- enrolling in Part B may reduce your out-of-pocket costs for these services. Please check your FEHB plan for details.

Q: Should I keep my FEHB coverage after I enroll in Medicare Part B?

A: Yes. Generally, it is best to keep your FEHB coverage. Remember, you may suspend it and not pay premiums if you choose to enroll in a Medicare Advantage Plan or have Tricare for Life.

Q: Why not enroll in Medicare Part B?

A: Cost. The standard 2020 premium for Medicare Part B is \$144.60. However, Part B premiums are based on countable income according to the chart on the next page. The premium is reviewed and adjusted annually based on changes to your income (such as capital gains or an inheritance).

2020 Medicare Part B Premium

If your yearly income in 2018 was:		2020 Part B Premium
Individual Tax	Joint Tax	
\$85,000 or less	\$170,000 or less	\$144.60
\$85,001–107,000	\$170,001–214,000	\$202.40
\$107,001–133,500	\$214,001–267,000	\$289.20
\$133,501–160,000	\$267,001–320,000	\$376.00
\$160,000–\$499.999	\$320,000–\$750,000	\$462.70
\$500,000 or more	\$750,000 or more	\$491.60

***Exception: Some individuals pay under \$135 due to the Social Security "hold harmless" provision.*

Q: Are there penalties if I delay enrolling in Medicare Part B?

A: If you are an active federal worker (not yet retired) and covered under and FEHB plan, you can delay enrolling in Part B without penalty if you sign up within eight (8) months of losing your "active-worker" coverage.

If you are retired and you wait longer than eight (8) months after your "active worker" coverage ends, you will be subject to two (2) penalties. First, you will have to pay a "late enrollment" premium penalty (an additional 10% of the Part B premium for every 12-month period you were eligible for Part B coverage and went without it). You will pay this late enrollment penalty as long as you have Part B. Second, you

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must wait to enroll between January 1 and March 31, with an effective date for your Part B coverage of the following July 1.

Q: Should Federal Retirees Enroll in Medicare Part D Prescription Drug Plan?

A: Most Federal employees do not need to enroll in Medicare Part D, the Medicare prescription drug program, because all FEHB plans have prescription drug benefits that are at least equal to or better than the standard Medicare prescription drug coverage. This is called “Creditable Coverage”.

Note: If you are eligible for federal “Extra Help” to help pay prescription drug costs, you may want to compare the cost of FEHB alone to the cost of FEHB plus Medicare Part D. The “extra help” could result in lower overall costs of drug coverage. If you choose to enroll in Medicare Part D, you should keep your FEHB plan as it will coordinate the benefits of both plans.

Q: How much does Medicare Part D cost?

A: Rates vary and are based on income according to the chart below.

If your yearly income in 2018 was:		2020 Part D Plan Premium + IRMAA
Individual	Joint	
\$85,000 or less	\$170,000 or less	Plan Premium only
\$85,001–\$107,000	\$170,001–214,000	Plan Premium + \$12.40
\$107,001–\$133,500	\$214,001–267,000	Plan Premium + \$31.50
\$133,501–\$160,000	\$267,001–320,000	Plan Premium + \$50.70
\$160,000– \$500,000	\$320,000–\$750,000	Plan Premium + \$70.00
\$500,000 or more	\$750,000 or more	Plan Premium + \$76.40

*** The additional monthly Part D income-related adjustment amount is directly deducted from Social Security, Railroad Retirement Board or the Office of Personnel Management benefits.*

Q: Can Federal Retirees enroll in Medicare Part C—Medicare Advantage Plans?

A: Yes. You must have both Medicare Part A and Part B to enroll in a Medicare Advantage plan. Medicare Advantage plans are comprehensive, and generally you do not need both your FEHB plan and a Medicare Advantage plan. Suspending your FEHB coverage allows you to not pay FEHB premiums while keeping your option to re-enroll in a FEHB plan if you choose. **IMPORTANT:** If you cancel your FEHB coverage there is no re-enrollment.

For more information contact your plan or the National Active and Retired Federal Employees Association (NARFE).