

POSTAL SERVICE HEALTH BENEFITS

BLUE CROSS AND BLUE SHIELD FEDERAL EMPLOYEE PROGRAM

2026 PRE-RETIREMENT GUIDE FOR U.S. POSTAL SERVICE EMPLOYEES



Helping you plan for
what's ahead.
HERE FOR YOU.

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Your next chapter starts with a plan

Retirement is an exciting new chapter and planning ahead makes all the difference. With time, thought and the right information, you can feel confident about what comes next. On behalf of the Blue Cross and Blue Shield Federal Employee Program, thank you for your years of service.



Here are some tips for planning:



We recommend you **start thinking about retirement at least 5 years** in advance. We'll explain the five-year rule on **page 10**.



Don't plan in a silo. If you're married or in a committed relationship, **discuss your plans with your significant other**.



Talking to friends is good. However, know that everyone's retirement needs and plans are different. **Know your individual options**.



Take an inventory of your financial assets and needs. If you haven't talked to a financial planner, you may want to.



Evaluate your health needs and **think about possible future needs**. Keep your family's needs in mind, too.

Make a plan that fits your future

You've worked hard to reach this moment and now it's time to look ahead to what's next. Retirement is your chance to do more of what you love and embrace the freedom you've earned. Here are just a few things you can do:



Develop new or existing hobbies and skills



Travel



Enjoy more time with family and friends



Focus on your health and well-being



Volunteer



Continue your education

Start your healthy future today

No matter your age, taking care of your health today can help you enjoy a longer, healthier retirement. Staying on top of preventive care now may make a big difference later in life.



Here are some important steps to take:

- 1 See your primary care doctor at least once a year.**
Annual checkups can help catch health issues early.
- 2 Know your numbers.**
Keep your blood pressure, cholesterol, blood sugar and body mass index (BMI) in a healthy range to reduce the risk of heart attack, stroke and other serious conditions.
- 3 Stay up to date with recommended screenings.**
Tests like colonoscopies and mammograms can help detect potential health problems early when they're easier to treat.
- 4 Make healthy habits part of your routine.**
Eat well, stay active and aim for a balanced lifestyle.

Choose what matters most to you

Your health coverage should reflect your unique needs and goals. Thinking about what's most important to your well-being can help you choose coverage that supports your lifestyle and long-term health.



How important is it to have a large network of doctors and hospitals?



Will you need care while traveling out of state or overseas?



Do you need strong prescription drug coverage?



Is it important to be covered for medical emergencies?



The other thing to consider is your total cost of care
How much are you willing to spend on your overall healthcare costs, not just your monthly premium?

Understand your retirement benefit options

One of the advantages of being a USPS employee is that many of your health insurance benefits don't end when you stop working. If you're eligible, you may be able to carry several important benefits into retirement, giving you more peace of mind and continuity of care.



Insurance programs you can carry into retirement include:

- ✓ **Postal Service Health Benefits (PSHB) Program**
- ✓ **Federal Employees Dental and Vision Insurance Program (FEDVIP)**
- ✓ **Federal Long Term Care Insurance Program (FLTCIP)**
- ✓ **Federal Employees' Group Life Insurance (FEGLI) Program**



If you're currently enrolled in a flexible spending account, such as FSAFEDS, you will not be able to take it into retirement with you.

Deciding if you should keep your government health coverage



You may be wondering:

- Should I keep my federal health insurance after retirement or explore other options?
- What changes can I expect with my coverage when I retire?
- What is Medicare and how does it fit into my health plan?



We'll give you some tools throughout the rest of this booklet to help you answer these questions. Remember that, ultimately, when it comes to your health and health insurance, the decisions are up to you.

Keeping your PSHB coverage in retirement

If you're considering keeping your federal health coverage after retirement, you'll be glad to know that the Postal Service Health Benefits (PSHB) Program offers the same great benefits you've enjoyed as an active working employee.

Same coverage, same cost

As a USPS employee, you have access to some of the best medical benefits in the U.S. The good news is, your medical **benefits don't change when you retire**—and your **premiums are the same as actively working employees**. The biggest change is that to access your prescription drug benefits, you must enroll in your PSHB plan's Medicare Part D coverage. The cost of this coverage will be included in your health plan's premium.

Ongoing flexibility

You can still review and update your plan each year during **Open Season** (the second Monday of November through the second Monday of December), or after a **qualifying life event** like marriage or divorce.

Coverage that lasts

As long as you meet eligibility requirements and don't cancel your insurance, your **coverage will continue when you retire**.



Suspend your PSHB coverage instead of canceling

If you're considering trying a non-PSHB Medicare Advantage plan or TRICARE, **suspend your PSHB coverage. Don't cancel it.**

Canceling your PSHB coverage means you can never re-enroll.

To suspend your coverage, contact your retirement office for guidance.

Important details to know about keeping your PSHB coverage

Before you retire, there are a few important rules and details to keep in mind about continuing your PSHB coverage.



You must meet the five-year rule.

To keep your medical coverage in retirement, you must be continuously enrolled in FEHB or PSHB for **at least five (5) years** before you retire. This rule **only applies to PSHB coverage** — not FEDVIP.



The government still shares the cost.

Just like when you're working, the federal government will continue to pay about **70% of your premium** and you pay the rest.



You pay your premium monthly.

Your share is typically **deducted monthly from your annuity**.



Your payroll office changes.

Once you retire, your **payroll office shifts to the U.S. Office of Personnel Management (OPM) Retirement Services Branch**.

They'll handle your premium payments, enrollment changes and any related questions.



Your family may be eligible for continued coverage.

If you pass away, **your eligible surviving family members can continue your PSHB coverage**—as long as:

- You're **enrolled Self + One or Self & Family** at the time of death
- Your family members are **listed on your annuity**



If you're covered on a spouse's or other non-PSHB group plan, remember the five-year rule. To carry PSHB coverage into retirement, **you must enroll during Open Season at least five years before you retire.**

Medicare 101

Medicare is a health insurance program from the U.S. government for people who are:

- Age 65 or older
- Living with certain disabilities
- Diagnosed with End-Stage Renal Disease
- Diagnosed with ALS (Lou Gehrig’s disease)



Who can enroll

You’re eligible for Medicare starting three months before you turn 65. If you retire before 65, your PSHB plan remains your primary coverage (meaning it pays first) until you enroll in Medicare. Once you are eligible for Medicare and enroll, it typically will become your primary coverage.

Need help figuring it out?

If you don’t know who your primary coverage is, call the customer service number on the back of your member ID card.

Medicare has four parts

Part A: Hospital insurance (Original Medicare)

Medicare Part A covers inpatient, skilled nursing facility, home health and hospice care.

Most people don't pay a premium for Part A.

Part B: Medical insurance (Original Medicare)

Medicare Part B covers doctor's visits, outpatient services, X-rays and lab tests, durable medical equipment, preventive services, physical and occupational therapy and other services not covered by Part A.

The standard premium in 2026 for Part B is \$202.90 per month. You may pay more or less depending on your income.

Part C: Medicare Advantage

Medicare Part C is private health insurance that helps to cover some of the things that Part A and Part B don't cover.

Premiums for Part C plans vary by provider.

Part D: Rx drug coverage

Medicare Part D is prescription drug coverage. Prescription drug coverage is not included in Medicare Part A or Part B.

All PSHB plans include Part D at no additional premium. You must enroll in this coverage to have prescription drug benefits as part of your health plan. If you don't, you'll need to pay a separate premium for another plan that offers Medicare Part D creditable coverage.

What to know about Medicare enrollment at 65




You must wait until you're eligible for Medicare to enroll.

Your initial enrollment period:

- Starts **three months before** your 65th birthday
- Ends **three months after** your birthday month

If you're already receiving Social Security

If you're receiving Social Security benefits **at least 4 months before turning 65**:

-  You'll be **automatically enrolled in Medicare Part A and Part B**. You'll receive your Medicare card 3 months before you turn 65.
-  Your **coverage will start the first day of your birthday month**.
-  If your birthday is on the first of the month, your coverage will start the month prior to your birthday.

If you don't get your Medicare card and aren't automatically enrolled, **contact your local Social Security office**. Learn more at [ssa.gov](https://www.ssa.gov).

What you get with Medicare Part B



Part B covers care you receive from doctors, preventive services, outpatient care, home health care and durable medical equipment, such as walkers and wheelchairs.

You pay a premium for Part B based on your income.

Medicare Part A and Part B are considered Original Medicare.

Can I sign up for Medicare later if I don't enroll when I'm first eligible?

Yes, but there are a few important things to keep in mind:

1 You will lose your PSHB coverage.

To keep your PSHB coverage in retirement, you must enroll in Medicare Part A and B when you become eligible for it.

2 You may face a late enrollment penalty.

If you don't sign up for **Medicare Part B** when you're first eligible, you may pay a **10% increase in your monthly premium for each year you delay enrollment.**

3 You may have to wait to enroll.

If you delay, you'll typically need to wait until the **Medicare General Enrollment Period** (January–March) to sign up. Your coverage would then begin the month after you enroll.

4 There are two exceptions if you're still working.

You won't lose your PSHB coverage or face a late enrollment penalty if:

- 1. You or your spouse is still actively working** during your initial enrollment period and you choose to keep your employer-sponsored health coverage and,
- 2. You sign up for Medicare within the 8-month special enrollment window you have after your retirement date.** You can also enroll in Medicare at any time while still working.



Medicare Part A and Part B paired with PSHB is a powerful combination

Both Medicare and PSHB offer great benefits and using them together gives you even greater benefits.



Closing Medicare gaps

While Original Medicare (Medicare Parts A and B) provides benefits, it doesn't cover everything. These are called "gaps."

Some of the gaps include:



Prescriptions



Dental care



Hearing aids



Overseas care

Your PSHB plan may help cover these services.

Reducing out-of-pocket costs

When Medicare is your primary coverage, many PSHB plans waive or reduce deductibles and copays.

For example, in 2026, Medicare Part A has a \$1,736 deductible for inpatient hospital care. With combined coverage, your PSHB plan will cover this deductible, lowering your out-of-pocket expenses.

Considering a Part C (Medicare Advantage) plan

Medicare Part C (also known as Medicare Advantage) is private insurance offered by companies that contract with Medicare. It is an alternative to Original Medicare.

These plans “bundle” services typically covered under:

- **Part A** (Hospital insurance)
- **Part B** (Medical insurance) and sometimes
- **Part D** (Prescription drug coverage).

They may also offer additional benefits.

Keep in mind, plans vary based on where you live. With Medicare Advantage, it’s important to check carrier limitations, overseas coverage and additional costs for out-of-network care because benefits and coverage vary between plans.

What about Medicare Supplement plans?

Medicare Supplement (or Medigap) plans are different from Medicare Advantage. These independent plans are intended to supplement the cost of your Original Medicare coverage.

Your PSHB plan is not Medigap coverage. However, similar to Medigap, your PSHB plan will cover gaps and coordinate with your Medicare plan. If you’re trying to decide between PSHB, Medigap and/or Medicare Advantage, you should look at the costs and benefits of each to see which is right for you. **Remember, if you cancel your PSHB coverage in retirement, you can never re-enroll in the Program.**

Adding Medicare Part D for prescription drug coverage

Under the Postal Service Health Benefits (PSHB) Program, you are required to enroll in Medicare Part D to keep your PSHB coverage:

- **This coverage may provide enhanced prescription drug benefits compared to traditional pharmacy coverage.**
- **Your Medicare Part D premium is included in your overall health plan's premium.**
- **If you opt out of your PSHB plan's Part D coverage, you will not have any prescription drug coverage through PSHB.**

Medicare Part A and Part B don't cover prescription drugs. If you have those plans alone, you'll pay the full cost of your prescriptions when you go to the pharmacy.



If you decide to drop your PSHB plan's prescription drug coverage, you must enroll in a Medicare Part D plan or another plan that provides creditable prescription drug coverage. If you do not enroll in Medicare Part D when you're first eligible and decide to enroll later, you may pay a penalty—one (1) percent for each month you did not have coverage.

This penalty does not apply if you are covered under another plan that offers equivalent prescription drug coverage. If you lose your equivalent coverage, you have 63 days to enroll in a Part D plan before the penalty applies.

Adding FEDVIP for vision and dental benefits

Here's what you should know:

- Medicare Part A and Part B do not cover vision or dental care, though your PSHB plan may provide some coverage.
- FEDVIP (Federal Employees Dental and Vision Insurance Program) offers more comprehensive dental and vision coverage for services like specialized dental treatments, routine fillings, contact coverage and lens treatments.
- FEDVIP benefits stay the same in retirement, just like PSHB benefits.
- You pay your premiums monthly. BENEFEDS will automatically set up annuity deductions with your pay provider to pay for your FEDVIP premiums post-tax.
- There is no five-year rule for FEDVIP, so you may enroll during any Open Season in retirement or change who is covered if you have a qualifying life event (QLE).

Premiums

- Medicare Part A: Free for most people; most USPS employees and retirees enroll as soon as they become eligible.
- Medicare Part B: Requires a monthly premium. For 2026, the standard premium is **\$202.90**, though higher-income earners may pay more via IRMAA (Income Related Monthly Adjustment Amount).
- PSHB: If you choose to combine your coverage, you will pay both the Medicare Part B premium and your PSHB plan premium.
- FEDVIP: You will pay FEDVIP premiums if you decide to enroll in dental and/or vision coverage.

While you pay separate premiums for PSHB, Medicare Part B and possibly FEDVIP, you get a high long-term value. The total you pay out-of-pocket for your care is often lower than your total premium, especially as health needs increase over time. Your PSHB plan may also offer specific benefits and programs designed for members with Medicare that can help you offset the cost of your premiums.

Final thoughts on choosing coverage

The best way to decide whether or not to combine is to think about your current health needs and what they may look like in the future. Then, decide on your coverage based on those needs. You want to make sure your choice gives you peace of mind.

If you're not sure how your PSHB plan works with Medicare, reach out to your plan directly:



Blue Cross and Blue Shield Service Benefit Plan members

Visit [fepblue.org/medicare](https://www.fepblue.org/medicare) or call the number on the back of your member ID card.



Members of other PSHB plans

Visit your plan's website or call their customer service.



If you're comparing plans, be sure to ask or research:

- Does the plan help cover Medicare "gaps"?
- Will they waive or reduce out-of-pocket costs if you combine coverage?
- Are there special benefits or incentives for Medicare members?
- What are the prescription drug benefits with Medicare?

Helpful Resources



Medicare

Visit [medicare.gov](https://www.medicare.gov)

Call **1-800-MEDICARE**
(TTY: 1-877-486-2048)

Social Security

Visit [ssa.gov](https://www.ssa.gov)

Call **1-800-772-1213**
(TTY: 1-800-325-0778)

NARFE

(National Active and Retired Federal Employees Association)

Visit [narfe.org](https://www.narfe.org)

Call **1-800-456-8410**

BENEFEDS

Visit [BENEFEDS.gov](https://www.benefeds.gov)

Call **1-877-888-FEDS (3337)**
(TTY: 711, International: 1-571-730-5942)

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