Federal Employee Program.

2022 PRE-RETIREMENT GUIDE

Blue Cross and Blue Shield Service Benefit Plan

SEE HOW WE CAN HELP YOU PLAN FOR A HAPPY, HEALTHY RETIREMENT

fepblue.org

It’s never too early to start thinking about retirement.

The earlier you start planning, the better off you’ll be. Whether your retirement is 30 years or 30 days away, on behalf of the Blue Cross and Blue Shield Service Benefit Plan, we want to thank you for your years of federal service.

Think of the possibilities

After years of hard work, retirement is a good time to focus on doing things that you enjoy.

Here are just a few of the 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**

Knowing how you want to spend your retirement can help you better plan for the future today.

Take care of yourself today

No matter your age, taking care of yourself today may help you enjoy a longer, happier life after you retire. Staying up to date with your preventive care could help you later in life.

Make sure you:

1. See your primary doctor at least annually.
2. Know your numbers. Keeping your blood pressure, cholesterol, blood sugar and body mass index (BMI) under control can prevent things like heart attack and stroke.
3. Get other recommended screenings and tests. Screenings like colonoscopies and mammograms can help identify potential health problems early when they're easier to treat.
4. Maintain healthy eating, exercise and lifestyle habits.

Start planning

As we mentioned earlier, it's never too early to start planning for retirement.

Here are some tips for planning:

1. We recommend you start thinking about retirement at least five (5) years in advance. We'll explain the five-year rule on page 11.
2. Don't plan in a silo. If you're married or in a committed relationship, discuss your plans with your significant other.
3. Talking to friends is good. However, know that everyone's retirement needs and plans are different. Know your individual options.
4. Take an inventory of your financial assets and needs. If you haven't talked to a financial planner, you may want to.
5. Evaluate your health needs and think about possible future needs. Keep your family's needs in mind, too.

Evaluating your health needs

When thinking about your health needs, you'll want to consider what matters most. Keep in mind specific benefits and services that are important to you. Here are some thought starters.

How important is it to:

Have a large network of providers?

Know that you're covered if you go out of town or travel overseas?

Have prescription drug coverage?

Be protected if you have a catastrophic medical event?

The other thing to consider is cost.
How much are you willing to pay for your coverage?

Understand your retirement benefit options

One of the best things about being a federal government employee is that you can take many of your benefits into retirement with you.

Insurance programs you can carry into retirement include:

1. Federal Employees Health Benefits (FEHB) Program
2. Federal Employees Dental and Vision Insurance Program (FEDVIP)
3. Federal Long-Term Care Insurance Program (FLTCIP)
4. Federal Employees' Group Life Insurance Program (FEGLI)

! 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 whether to keep your medical coverage

Should I keep my government insurance when I retire, or should I look at different plans?

What changes with my insurance when I retire?

What is Medicare and how does it fit into my plans?

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 FEHB coverage when you retire.

As a federal employee, you have some of the best medical benefits of anyone living in the U.S. When you retire, you get the same benefits you get now as an actively working employee. Your premiums also don't go up because you're retired.

Similar to now, you'll still have the chance to review your options during the Federal Benefits Open Season (second Monday of November through the second Monday of December) each year. You can also review them if you have a qualifying life event in which you would need to add or drop a dependent, such as a marriage or divorce.

As long as you don't cancel your insurance, it will never go away for as long as you're retired. An important thing to note: **If you do choose to cancel your insurance, you will never be able to re-enroll in the FEHB**.

If you want to try a non-FEHB plan, such as TRICARE, **suspend your coverage. Don't cancel it.** For information on suspending your FEHB enrollment, contact your retirement office.

Here are some additional things to consider:

To keep your medical coverage—you must have five (5) years of continuous enrollment in the FEHB before you retire. This is known as the five-year rule. This rule only applies to FEHB coverage—not to FEDVIP.

The federal government will continue to pay a portion of your FEHB premium. They pay about 70% of the cost, and you pay the rest.

You'll pay your premium monthly. It usually comes out of your annuity.

Your payroll office becomes the U.S. Office of Personnel Management (OPM). They will handle any questions or changes regarding your enrollment.

If you die, your eligible surviving family members can keep your coverage. You must be enrolled in a Self + One or Self & Family plan at the time of death for this to apply.

Medicare 101

Medicare is a health insurance program provided by the U.S. government to individuals:

- **65 and older**
- **With certain disabilities**
- **With End-Stage Renal Disease**

If you sign up for Medicare and are still actively working, your FEHB plan is usually your primary coverage (meaning it pays first). If you're retired, Medicare is usually your primary coverage.

The four parts of Medicare

A

Medicare Part A is hospital insurance. It covers inpatient, skilled nursing facility, home health and hospice care.

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

B

Medicare Part B is medical insurance. It 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 2022 for Part B is $170.10 per month. You may pay more or less depending on your income.

C

Medicare Part C is a Medicare Advantage plan. This 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.

D

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

Premiums for Part D plans vary by provider.

Enrolling in Medicare

You cannot enroll in Medicare until you become eligible for it. For most people, your initial eligibility period begins three months before your 65th birthday. It ends three months after your 65th birthday.

If you receive social security benefits at least four months before turning 65, you'll automatically be enrolled in Medicare Part A and Part B. Your coverage will start the first day of the month of your 65th birthday (if your birthday is on the first of the month, your coverage will start the month prior to your birthday).

If you are receiving social security benefits, you can opt out of receiving Part B coverage if you want. In order to opt out, you'll need to follow the directions you're provided with your Medicare member ID card. You'll receive the card three months before you turn 65.

If you're not automatically enrolled and don't receive a Medicare member ID card, you can contact your local Social Security office. Learn more at **ssa.gov**.

Enrolling in Medicare is a choice— you're not required to sign up. With that said, before you make a decision, you should consider your future health needs.

Even if you're in perfect health now, health needs tend to change as we age.

If I don't sign up when I'm first eligible, can I sign up later?

Yes. **However, there are a few things to keep in mind:**

1. **You may pay a late enrollment penalty if you don't enroll in Medicare Part B when you're first eligible.**
   - The penalty is a 10% premium increase for each year you delay enrollment.
   - You also usually have to wait for the annual Medicare General Enrollment Period (January – March) to sign up if you choose to enroll later.

2. **The penalty doesn't apply if you or your spouse is still actively working during your initial enrollment period and you choose to keep your employer-sponsored health coverage.**
   - In this case, once you retire, you'll have eight (8) months to enroll in Medicare without penalty. You can also sign up at any time while you're still working.

Combining Medicare Part A and Part B with FEHB coverage

Both Medicare and FEHB provide great benefits. Choosing to combine them can offer you even greater benefits.

Closing Medicare gaps

While Medicare Part A and Part B cover a lot, there are some things they don't cover. These are called "gaps."

Some of the gaps include: prescriptions, hearing aids, dental care and overseas care. Your FEHB plan may cover these services.

Reduced out-of-pocket costs

Many FEHB plans waive or reduce deductibles and copays when Medicare is your primary coverage.

For example, with Medicare Part A in 2022, there is a $1,556 deductible for inpatient hospital care. If you combine your coverage, your FEHB plan may pay that deductible for you.

Premiums

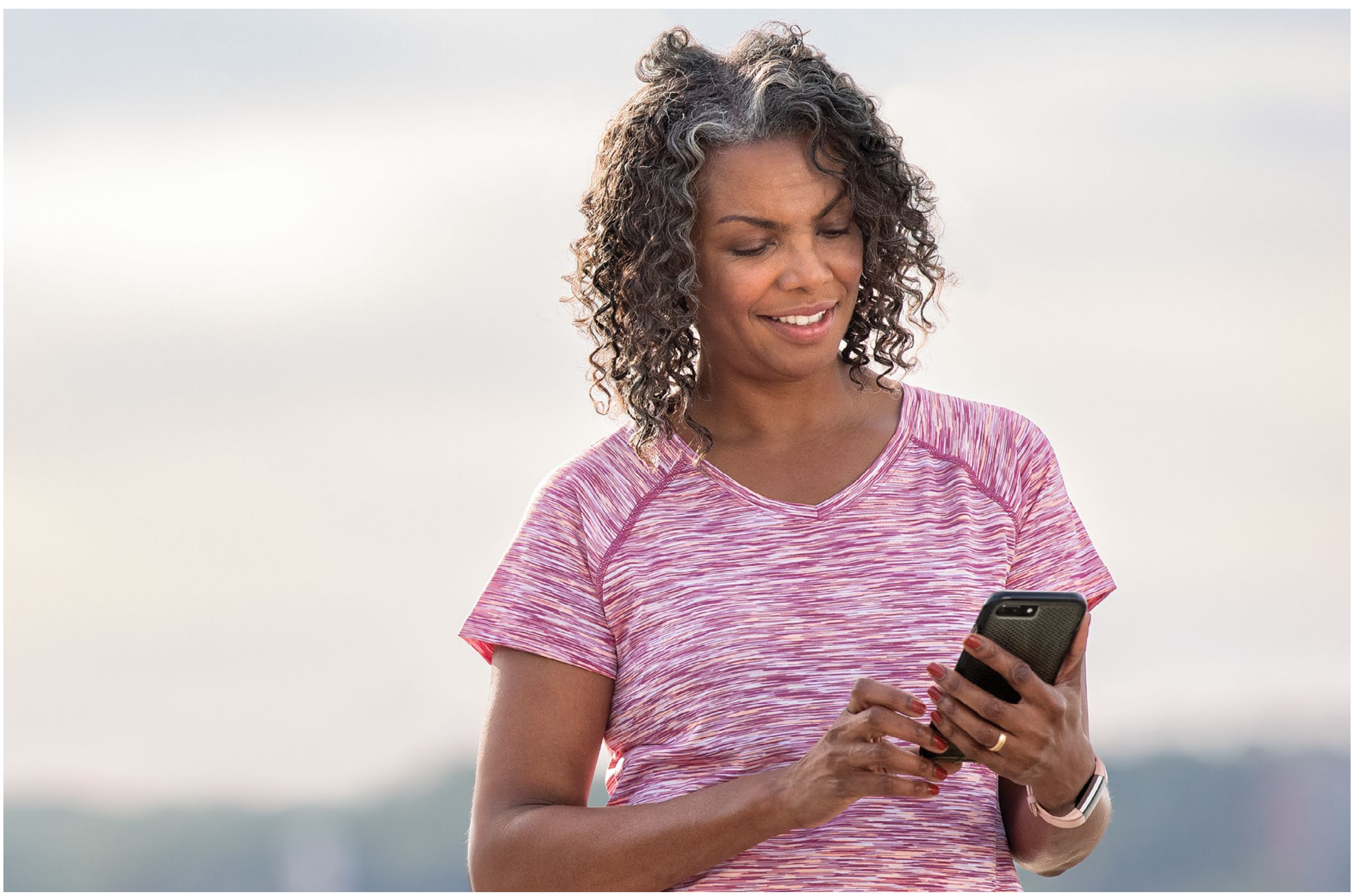
As we noted earlier, Medicare Part A is free for most people. Because of that, most federal employees/retirees take it as soon as they're eligible.

There is a premium for Medicare Part B. In 2022, it's **$170.10** per month for most people.

If you combine your coverage, you'll pay the Medicare Part B premium and your FEHB plan's premium.

If you calculate the cost of both premiums, the overall annual cost of both can be lower than your medical costs—especially as your health needs grow later in life.

Additionally, some FEHB plans have benefits or programs that can help members pay their Part B premiums.



What about combining with FEDVIP?

Medicare Part A and Part B don't cover vision and dental care, but your FEHB plan may offer some coverage. If you need additional coverage beyond what your FEHB plan offers, enrolling in a FEDVIP dental or vision plan could be good for you. Similar to FEHB, FEDVIP dental and vision benefits don't change once you retire. You'll pay your premium monthly.

What about Part C?

Medicare Part C is private insurance, also known as Medicare Advantage. It is an alternative to Original Medicare.

These plans are offered by companies that contract with Medicare. These plans are "bundles" that include services that Part A, Part B and sometimes Part D cover. They may also include some additional services.

You have different options for Part C plans, such as Preferred Provider Organizations (PPOs) and Health Maintenance Organizations (HMOs). The premium you'll pay depends on the plan. The plans offered to you can vary based on where you live.

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 FEHB plan is NOT Medigap coverage. However, similar to Medigap, your FEHB plan will cover gaps and coordinate with your Medicare plan. If you're deciding between FEHB, 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 FEHB coverage in retirement, you can never re-enroll in the Program.

What about Part D?

Medicare Part D is private prescription drug coverage. You'll pay a separate premium for this coverage.

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 keep your FEHB coverage and combine it with Medicare Part A and Part B, you don't need to enroll in a supplemental drug plan, such as Medicare Part D. This is because your FEHB coverage pays out, on average, the same amount as a Medicare Part D plan.

If you don't keep your FEHB coverage, you'll need to enroll in a plan that covers prescriptions, such as a Medicare Part D plan.

Similar to Part B, there may be a penalty if you don't sign up for Part D when you're first eligible and decide you want it later. The penalty is 1 percent for each month you don't have coverage.

This penalty doesn't apply if you're covered in another plan that offers equivalent coverage, such as your FEHB plan. If you ever lose your equivalent coverage, you'll have 63 days to enroll in a Part D plan before the penalty kicks in.

Final thoughts

The best way to decide to combine or not to combine is to determine what your needs are and what you think they may be 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 want to know how your current FEHB plan combines with Medicare, you can reach out to them.

If you're a Blue Cross and Blue Shield Service Benefit Plan member, you can visit **fepblue.org/medicare** or call the customer service number on the back your member ID card. If you have a different FEHB plan, you can go to their website or call customer service.

Make sure you research or ask about:

Covering Medicare gaps

Whether they waive out-of-pocket costs if you combine your coverage

If there are any special benefits or incentives for members who have Medicare coverage

Helpful Resources

Medicare

Visit **medicare.gov**

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

Social Security

Visit **ssa.gov**

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

OPM

Visit **opm.gov/retire**

NARFE

(National Active and Retired Federal Employees Association)

Visit **narfe.org**

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

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This is a summary of the features of the Blue Cross and Blue Shield Service Benefit Plan. Before making a final decision, please read the Plan's Federal brochures (FEP Blue Standard and FEP Blue Basic: RI 71-005; FEP Blue Focus: RI 71-017). All benefits are subject to the definitions, limitations and exclusions set forth in the Federal brochures.

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