Federal Employee Health Benefits (FEHB)

Federal employee health benefits can be carried into retirement if the following conditions are met:

- The employee is covered under FEHB at the time of retirement; and
- They retire on an immediate annuity; and
- They have been enrolled, or covered as a family member (on their federal spouse's FEHB plan) for the last five years (or since their last opportunity to enroll if less than five years).

The government still contributes its share of the premium (roughly 72%) but:

- Premiums are paid out of after tax dollars (retired law enforcement officers can deduct up to $3,000 of health insurance premiums on their tax return); and
- Any additional agency contribution that is the result of a collective bargaining agreement will end (e.g., United States Postal Service, SEC, etc.).

If FEHB coverage is dropped after retirement, it cannot be reinstated. Coverage can be suspended (and subsequently reinstated) in the following situations:

- To enroll in Tricare or Tricare for Life (Medicare eligible military retirees); and
- CHAMPVA; and
- To enroll in a Medicare Advantage plan; and
- To enroll in the Peace Corps health benefit program.

Retirees still participate in the Annual FEHB open season after retirement.

If an employee is ineligible to carry their FEHB into retirement (e.g., less than five years coverage at time of retirement; resigning before retirement eligibility, etc.) they are eligible for 18 months of **temporary continuation of coverage** (TCC). TCC, which is called COBRA in the private sector, requires that the individual pay 102% of the cost of the insurance. Agencies are responsible for advising employees if they are eligible for TCC. Children are entitled to 36 months of TCC if they lose coverage.

How does FEHB interact with Medicare?

Age 65 is the age of eligibility for Medicare. Whether or not Medicare will be primary coverage depends on many things.

- If an individual is still working at age 65 (either at their federal job, or at another job that provides health insurance), Medicare will be secondary to the employer provided health insurance.
- If an individual is covered by the employer provided health insurance of their still employed spouse, Medicare will be secondary.
- In all other cases, Medicare will be primary.

Reaching age 65 gives a federal employee/retiree a special, one-time, opportunity to change their FEHB enrollment outside of open season.

Medicare Part A is hospital insurance and has no cost associated with it. **Medicare Part B** is medical insurance and does have a premium. The government pays 75% of the Part B premium, leaving a cost of $104.90 per month for new enrollees in 2014, though higher income retirees will pay more. Though federal retirees are not required to elect Medicare Part B, if they fail to elect it at their first opportunity, there is a 10% penalty for each year they do not elect it. Most FEHB plans will waive their deductibles and co-pays for those who choose to enroll in Part B.

Most federal retirees do not elect either Medicare Part C (Medicare Advantage or Medicare supplements) or Medicare Part D (drugs), as FEHB coverage is almost always better and less expensive.

The 2013 report of the Medicare trustees states that, unless there are changes made, Medicare would be insolvent in 2026. This leads one to believe that changes will be forthcoming sooner, rather than later. Federal employees and retirees should check the "coordination of benefits" section of their FEHB plan's brochure as they approach the age of Medicare eligibility.