


☐ Coverage
☐ Coordination
☐ Choice
☐ Costs

FEHB and Medicare Part B: Obvious or Overkill?



FEHB & Medicare Part B

Welcome

- » Our audience today
- » Questions you submitted
- » Q&A – the ProFeds Support Team standing by
- » Handouts – available for download
- » Recorded – how to get the replay
- » Stay until the end!

FEHB & Medicare Part B

Your ProFeds Presenter



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- » Developer of the FedImpact Retirement Workshop
- » Host of the FedImpact Podcast

Support Team

- » Standing by for your questions



FEHB & Medicare Part B

FEHB and Medicare Part B: Obvious or Overkill?

**The health insurance decision
you can't afford to get wrong**

Agenda

- » **COVERAGE:** What Part B covers and when it starts
- » **COORDINATION:** How Medicare works with FEHB
- » **CHOICES:** Groups who have a choice (and those who don't)
- » **COSTS:** The base cost and why you may pay more

What this webinar will NOT cover

Today's webinar is focused on this question

“
*If FEHB was good enough coverage
for me and my family throughout
my entire career, why would I need
to spend more on Medicare now?!*

Roland | Federal Employee

”

OUR OBJECTIVE:
To help you see the balance of
CARE, COST & RISK



Highlights of FEHB in Retirement

FEHB in Retirement

» Highlights

- Must meet eligibility requirements to keep coverage
- Retirees can participate in Open Seasons (just can't "enroll")
- The government continues to pay ~72% of the premium
- Premiums are the same as an employee, but you no longer receive a tax break (so it feels more expensive)
- Your FEHB premiums increase faster than your pension
- If you cancel FEHB, you're out for good

Overview of Medicare & Other Plans



Types of Coverage

» Types of Medicare

- Part A: Hospital insurance
 - Free at 65, but you've paid for this your whole life
- Part B: Medical insurance
 - Pays for 80% of "Medicare-approved charges"
- Part C: Medicare Advantage
 - Private coverage that includes Parts A & B and usually D
- Part D: Prescription Drugs
 - Private coverage

Types of Coverage

- » Medicare Supplemental Insurance:
 - Private insurance designed to cover the “gap” in coverage when someone has Part A & B (sometimes called “Medigap” or a “supplement”)
 - A Medicare Supplement only helps pay the portion of a Medicare-approved charge that Parts A & B do not cover (if Medicare pays 80%, the supplement pays 20%)
 - NOTE: If a charge is not approved by Medicare, it cannot be paid by a Medicare Supplement

Types of Coverage

- » Healthcare for Veterans:
 - TRICARE for the veteran and eligible family members
 - At 65, this becomes “TRICARE for Life” and is free (Parts A & B required)
 - VA Healthcare for the veteran at VA hospitals and clinics (Parts A & B not required, but may help pay for private care)
 - CHAMPVA for spouse, widow or child of a service-connected, permanently and totally disabled veteran (Parts A & B required)



Details of Medicare Part B

Medicare Part B – Medical Insurance

- » Covers health care providers' services, outpatient care, durable medical equipment, home health care, and some preventive services
- » Not all providers accept Medicare
- » Typically, Medicare pays 80% of approved charges (you must pay the rest either out-of-pocket or through another insurance like FEHB or TRICARE)

FEHB & Medicare Part B

Some Items and Services Medicare Does NOT Cover

- » Annual physicals/checkups
- » Long-term care
- » Most dental services
- » Dentures
- » Eye exams related to prescribing glasses
- » Eyeglasses or contact lenses
- » Routine foot care
- » Most immunizations
- » Copies of x-rays
- » Cosmetic surgery
- » Acupuncture/chiropractic
- » Hearing aids/exams for fitting
- » Complications resulting from noncovered services
- » Most care outside of the US

FEHB & Medicare Part B


The Decision to Enroll

- » For most federal employees, the decision to enroll in Medicare Part B is optional
- » There are some notable (but common) exceptions:
 - Those enrolled in the military's TRICARE program must also enroll in Medicare Part B at age 65 regardless if they are still working
 - Those enrolled in the Postal Service Health Benefits plan (retiring 1/1/2025 or later) must enroll in Medicare Part B at age 65 once they are retired

FEHB & Medicare Part B

Part B Premiums for 2026

- » Part B premiums range from \$202.90/mo - \$689.90/mo per person, depending on income
- » The premium is paid either:
 - Out of your Social Security benefit (if drawing), or
 - Directly by you to Medicare (if not drawing SS benefits)
- » Some FEHB plans offer a rebate of some or all of the Part B costs


Enrolling in Medicare Part B does NOT reduce your FEHB premium. However, having Part B may lower some out-of-pocket costs (such as co-pays, co-insurance & deductibles).

FEHB & Medicare Part B

FEHB Plan Reimbursement with Part B Enrollment

- » See Section 9 of the plan brochure to see what reimbursement (if any) a plan provides to those who are enrolled in Medicare Part B
- » Most reimbursements range from \$800-\$1,200/yr per person (spouses get a reimbursement, too)
- » Certain FEHB plans labeled as “Medicare Advantage” (although not the same as Part C) offer up to a \$3,000/yr per person reimbursement

Rising Cost of Part B

- » Several factors lead to the rising cost of Medicare Part B premiums such as inflation, technological advances and longer life expectancy



The largest Medicare Part B premium increase in history was in 2022 at 14.55%.

Medicare Premiums	
Year	Part B Cost
2017	\$134.00
2018	\$134.00
2019	\$135.50
2020	\$144.60
2021	\$148.50
2022	\$170.10
2023	\$164.90
2024	\$174.70
2025	\$185.00
2026	\$202.90
10-Year Avg	4.34% (up 51%)

When You Might Pay More

- » Medicare Part B premiums are “means-tested” based on your “Modified Adjusted Gross Income”
 - The more income you have, the higher the premium
 - This includes income from accounts like the Traditional TSP, your pension and Social Security benefits
- » This premium increase is called the Income Related Monthly Adjustment Amount (IRMAA)
 - The actual premium you will pay will be based on your MAGI from 2 years prior (for 2026, that is your 2024 MAGI)

When You Might Pay More

- » Modified Adjusted Gross Income (MAGI)
 - Start with Your “Adjusted Gross Income” (AGI)
 - Gross income minus adjustments (see [IRS Form 1040, Line 11](#))
 - Then add back in adjustments/credits such as:
 - Deductions for contributions to a Traditional IRA (not TSP)
 - Deductions claimed for student loan interest
 - Tax-exempt interest

Medicare Part B Premium Table (2026)

If your 2024 tax return was filed...			Your 2026 monthly premium is:
INDIVIDUAL/HOH	MARRIED & JOINT	MARRIED & SEPARATE	
\$109,000 or less	\$218,000 or less	\$109,000 or less	\$202.90
\$109,001 - \$137,000	\$218,001 - \$274,000	Not applicable	\$284.10
\$137,001 - \$171,000	\$274,001 - \$342,000	Not applicable	\$405.80
\$171,001 - \$205,000	\$342,001 - \$410,000	Not applicable	\$527.50
\$205,001 - \$499,999	\$410,001 - \$749,999	\$109,001 - \$390,999	\$649.20
\$500,000+	\$750,000+	\$391,000+	\$689.90

When a Decision Must be Made

- » Your decision window for enrolling in Part B is based on your employment with the federal government (where your group health insurance is provided)
- » The rules are different based on what your status is when you turn age 65:
 - If you are still working in federal service at age 65
 - If you are already retired from federal service at age 65

When a Decision Must be Made

- » If you are still working in federal service at age 65:
 - You can delay your Part B decision until you retire
 - Enrollment window (to avoid penalties):
 - Once retired, you will have 8 months to enroll
 - If you do not enroll within this window and wish to enroll later, you will pay a higher premium (a penalty)



If you are still working at age 65 AND your spouse is enrolled in your FEHB plan, they may delay their enrollment in Medicare Part B without penalty (see “enrollment window” above).

When a Decision Must be Made

- » If you are already retired from federal service at age 65:
 - Your decision needs to be made at that time
 - Enrollment window (to avoid penalties):
 - Begins 3 months before the month you turn 65
 - Includes the month you turn 65
 - Ends 3 months after the month you turn 65
 - If you do not enroll within this window and wish to enroll later, you will pay a higher premium (a penalty)

When You May Have a Penalty

- » If you do not enroll in Part B during the stated window to enroll, a permanent penalty will apply if you later decide you wish to enroll in Part B
 - The penalty is 10% for each full 12-month period you have been absent from the plan
 - Example: Delaying 3 years means you pay 130% of the Part B premium ($\$202.90/\text{mo} \times 130\% = \$263.77/\text{mo}$)
 - Because the penalty is permanent, you will always pay 130% of the standard premium for as long as you have Part B

Choices in Retirement for FEHB & Medicare Part B at 65

» **Combo 1**

- Do not enroll in Medicare Part B
- Keep FEHB in place as primary coverage

» **Combo 2**

- Enroll in Medicare Part B
- Drop FEHB completely (and permanently)

» **Combo 3**

- Enroll in Medicare Part B (primary)
- Keep FEHB in place (secondary)

FEHB Acts as a “Super Supplement”

- » When a person has FEHB and Part B in retirement, Medicare is the primary payor and FEHB is the secondary
- » For charges approved by Medicare:
 - Medicare pays first (their 80%)
 - FEHB pays second (their 20%)
- » For charges NOT approved by Medicare:
 - FEHB steps up as the primary payor
 - You have normal co-pays, coinsurance, etc.



Frequently Asked Questions

Q:

Will I automatically be enrolled in Parts A & B, or do I need to sign up somewhere?

A:

It depends.

If you are already drawing Social Security benefits, you will be automatically enrolled in Parts A & B. You can cancel this coverage.

If you have not started drawing Social Security yet, you can apply for Parts A & B online.

Q: *What if I change my mind? Can I cancel my enrollment in Medicare Part B?*

A: You can cancel Part B at any time, but if you later re-enroll, you will likely suffer a late enrollment penalty.

Q: *Should I change FEHB plans when I enroll in Part B? For instance, switch from a “high” plan to a “low” plan?*

A: You certainly CAN change plans, but carefully weigh your options regarding in/out of network requirements, and potentially high out-of-pocket costs by switching to another plan.

Remember, “retirement” is not a qualifying life event for FEHB, so you’ll need to make this change during an Open Season.

Q: *What if I am in a High Deductible Health Plan (HDHP)? Can I still enroll in Part B?*

A: No—you are not permitted to be enrolled in an HDHP and Medicare at the same time.

If you enroll in Part B at age 65, you can keep your HDHP all the way until age 65.

If you enroll in Part B after age 65, ensure that you have changed to non-HDHP coverage at least 6 months prior to enrolling in Medicare (A or B).

Q: *What if I am in an HSA (as part of a HDHP)? Can I still enroll in Part B?*

A: No and Yes.
No—you can’t contribute to an HSA while you are enrolled in Medicare, but you can still own one.

Yes—you can use money that is already in your HSA to pay for Medicare premiums.

Q: *I heard I can suspend (instead of “cancel”) FEHB to go to Medicare, and then I can return to FEHB later. Is that true?*

A: Not exactly! You can suspend FEHB to go to a Medicare Part C (Medicare Advantage) plan, but not Medicare Part B. If you leave FEHB in retirement, you can never return.

Q: *If I plan to live (or travel a lot) overseas, does it make sense for me to enroll in Part B?*

A: If you live (or are traveling) overseas, Part B will likely not cover you at all. Keep in mind that those who are required to enroll to keep other coverage (like TRICARE for Life recipients and Postal Workers) must enroll anyway.

Q: *If I am late to enroll in Part B, do I pay the late enrollment penalty forever?*

A: Yes—a late enrollment penalty is a lifelong penalty. For instance, if you enrolled 3 years late, you’ll have a 30% penalty. Each year as the Part B premiums increase, you’ll always pay 130% of that amount. Of course, you might pay more if you’re affected by IRMAA.

Q: *If I had higher income and am subject to the IRMAA surcharge, am I charged the higher amount forever?*

A: No. Each year, IRMAA surcharges are reset (based on your MAGI from 2 years ago). If you exceed the allowable income limit, you’ll pay the higher premium (surcharge). If not, you’ll pay the normal premium.

Q: *I'm almost 65 and retired, but my spouse is younger. Do we both sign up for Part B at the same time?*

A: Each of you will sign up separately. Since you are already retired and turning 65, you can sign up now. Your spouse will have the same opportunity to enroll when they near their 65th birthday.

Q: *I'm almost 65 and retired, but my spouse is older. Should they have already signed up for Part B?*

A: It depends how long ago you retired.
If it was in the last 8 months, your spouse can enroll in Part B without penalty.
If it was more than 8 months ago, your spouse can enroll in Part B, but will have a penalty.

Q: *I'm 60 and still working, but my spouse is already 65. Do they need to enroll in Part B now?*

A: If they are under your FEHB plan, they can delay their Part B enrollment (without penalty) until 8 months after you retire.

Q: *How do I know if a doctor "participates" in Medicare?*

A: You can view all participating providers (and access several other helpful tools) at <https://data.cms.gov/tools>.

Wrap-Up

- » The two parts to the “FEHB & Medicare” equation:
What it costs you, and what it gets you in return!
- » In retirement, the financial RISK of experiencing a catastrophic medical event is high and dangerous
- » The decision about whether to add Part B to your FEHB plan is more about the BAD years than it is about the AVERAGE years



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