

Health Benefits Selecting a Health Insurance Plan

In the Postal Service, your health benefits are provided under the Federal Employees Health Benefits (FEHB) Program, which gives you the opportunity to select from a number of health insurance plans, including Health Maintenance Organizations (HMOs). It is tempting just to sign up for a “name brand,” take the advice of a friend who has done research, or stick with what you have. Unless a friend’s family and medical needs are identical to yours, just following his or her example or choosing a plan because it’s a name brand could mean you’ll buy too much or too little insurance.

No matter who you are — a new employee eligible to enroll, or a current participant with a change in family status or comparing options for the next open season — you need to think carefully about your choice. A few hours of your time spent comparing the FEHB plans can help you find the right plan at the right cost for your needs. And if you start by following the tips in



this pamphlet, you can do your comparison with a lot more confidence.

Get the Big Picture

For starters, read your copy of the current *FEHBP Enrollment Information Guide and Plan Comparison Chart*. If you have not received a copy, contact your personnel office. This booklet contains detailed information about enrollment and comparisons of major features of each plan. Read the general information thoroughly to gain an understanding of the health insurance program and the advantages and disadvantages of the three major types of plans offered:

1. indemnity, or “fee-for-service,” plans available to all government employees,
2. employee organization indemnity plans, and
3. comprehensive medical, or HMO, plans.

Look over the lists and cross out the plans that are not available to you. For example, postal employees are not eligible for five employee organization plans: the Foreign Service, Beneficial Association of Capitol Employees, U.S. Secret Service, Panama Canal, and SAMBA.

Major Considerations

Family Needs — Your major considerations are the number and age of those who will be covered by the plan you choose. If you are planning a family, for instance, maternity benefits will be important. If you already have children, coverage for routine doctor visits may be more valuable. If you are older and your children are grown, there may be other considerations. For example, your chances of needing extensive hospital coverage or long-term medical care increase as you grow older.

Health History — Your family’s health history is another important factor. Are there any likely hereditary problems or pre-existing conditions? Is there, for example, a history of cancer or heart disease? Will specific medical services be needed, e.g., extensive dental work, vision services,

psychiatric treatment, etc.? Such problems may warrant a specific kind of coverage.

Other Family Insurance — You should also fully understand the extent of any other health insurance you or your family members may have. Are you entitled to coverage provided by your spouse’s employer? If so, a less expensive, low-option FEHB plan might be best for you. Be sure, however, that you understand the other plan’s benefits. The plan offered by your spouse’s employer may not provide benefits equal to those offered under the FEHB Program. Some plans cover only the employee and not the spouse or dependents. And even if you are satisfied with the plan, there is the possibility that your spouse may lose coverage, e.g., by changing jobs.

If you are eligible for Medicare and married, make sure that your spouse is also covered under Medicare or has other adequate coverage before choosing a plan that supplements your Medicare coverage.

If you are approaching retirement and you are considering dropping FEHB coverage, you need to read the section below under the heading “Planning for Retirement.”

Remember that dual coverage restrictions apply to you and your family. These restrictions prohibit a person from enrolling in his or her own name while being covered as a family member under another FEHB plan enrollment. They also provide that under no circumstances may a person concurrently receive benefits under more than one FEHB plan enrollment.

Financial Risks — Finally, you should consider the financial risk involved. Higher premiums do not necessarily mean better benefits. In fact, health insurance experts have found that many enrollees pay substantially more in health insurance premiums each year than is actually necessary. Although reviewing last year’s medical bills may help you estimate your anticipated health care costs, you should keep in mind the possibility of unexpected illnesses and injuries. Remember that since the major reason for buying health insurance is to prevent financial loss, you

must consider how much financial risk you are willing to assume. A good method for assessing how much risk you can assume is to determine the amount of extra charges your budget could withstand in a catastrophic situation, and compare that to how much extra in premiums you are willing to pay to limit your liability.

Health Care Costs

You can estimate the cost of a plan by adding the fixed costs and the projected out-of-pocket costs.

Fixed costs include your share of the annual premium (calculated by multiplying your biweekly rate by 26 pay periods), any membership fees (for employee organization plans), and the deductible (the amount you must pay before the plan begins to pay).

Out-of-pocket costs include copayments and coinsurance. Copayments are usually a fixed dollar amount you must pay for a particular service or benefit each time it is provided by the plan. Many plans require a copayment of \$50 or \$100 per hospital admission. Coinsurance means that the plan pays only a certain percentage for covered expenses—usually after you meet the deductible—and you pay the balance. Coinsurance is often 80 percent, meaning the plan pays 80 percent of covered expenses and you pay the remaining 20 percent. Out-of-pocket costs may be projected based on the anticipated use of a particular service or benefit.

All plans include a catastrophic protection benefit that limits your out-of-pocket expenses to a specified dollar amount during a calendar year. Since out-of-pocket costs quickly add up with any serious health problem, catastrophic protection is a very important benefit. A typical catastrophic protection benefit would pay 100 percent of medical expenses after an enrollee paid \$2,000 out-of-pocket expenses during a calendar year.

A final word of caution on health plan costs: plans differ in what they count as out-of-pocket costs. Most exclude the deductible and many

exclude certain copayments and coinsurance payments. Plans also differ in what they consider a covered expense after you meet the out-of-pocket maximum. For instance, after you meet the out-of-pocket maximum, some plans will cover only supplemental benefits (e.g., doctor visits, prescription drugs, etc.) rather than basic hospital benefits. And most plans exclude from catastrophic protection any treatment for mental and nervous disorders as well as dental problems.

Using Plan Brochures

Plan brochures officially describe the benefits provided by each plan, and plans are required to pay only expenses specified in their brochures. Therefore, once you identify two or three plans that seem best suited for your circumstances, go to your personnel office, request the brochures that describe these plans, and read them very carefully. The plans will probably be similar on many features, so concentrate on the differences. You may want to develop a chart of your own to compare the costs and benefits in the areas of most concern to you.

Obtaining Further Information

Your personnel office can answer questions concerning FEHB eligibility requirements and enrollment procedures. Specific questions concerning a particular plan's benefits may be answered only by the plan's own representatives.

Health fairs are an excellent resource for further information on health plans. The fairs are generally held during open season. Your employing office and local health plan offices can supply details about the fairs planned in your area.

Two helpful publications are *Checkbook's Guide to Health Insurance Plans for Federal Employees* and *Your Medicare Handbook*. *Checkbook's Guide* can be purchased from:

CHECKBOOK MAGAZINE
806 15TH STREET NW SUITE 925
WASHINGTON DC 20005-1203.

This booklet includes cost comparison tables, common out-of-pocket costs, and general advice

on how to choose a plan. *Your Medicare Handbook* is published by the U.S. Department of Health and Human Services, Social Security Administration. Ask your local Social Security office to send you the most recent copy (Publication HCFA-10050).

Act On Your Decision

If you want to change your plan or enroll for the first time, you must complete SF 2809, *Health Benefits Registration Form*, which is available from your personnel office. Carefully read the instructions on the back of the form before completing it. Return the completed form to your personnel office for processing. Your office will complete Part F of the form and provide you with a copy for your records. You should keep your copy in a safe place because it can be used as proof of coverage. Your personnel office will also give you a copy of your plan's brochure.

Planning for Retirement

To continue your health benefits coverage after you retire, you must retire on an immediate annuity and you must have been enrolled (or covered as a family member) in the FEHB Program for the full 5 years immediately preceding retirement (or if for less than 5 years, you must have been enrolled from the time you first had the opportunity to enroll). Military health coverage (CHAMPUS) is creditable toward the five-year requirement.

These requirements are mandated by law and may not be administratively waived. It is especially important for you to consider them if you are thinking of canceling your present enrollment or not enrolling at all. Also remember that if you want your health coverage to continue for your survivors, you must have Self and Family coverage when you die and at least one survivor must be entitled to a survivor annuity.

If you are not eligible to continue your FEHB coverage during retirement, you may be eligible for temporary FEHB coverage or conversion to an individual policy.

Notice 423, *Temporary Continuation of Coverage*, provides information on these alternatives, and is available from your personnel office.

Reducing Health Care Costs

The medical community, the Office of Personnel Management (which administers the FEHB Program), and your health plan constantly seek ways to improve health care and control expenses, e.g., managed care, pre-certification of hospital stays, and second opinions for certain surgical procedures.

You too can adopt several practices to help reduce health care costs:

1. Whenever possible, get treatment in your doctor's office rather than an emergency room. It is usually cheaper, and your own doctor will have a better understanding of your medical history.
2. Ask about short stay care for minor surgery. If you need minor surgery, it may be possible to do it in your doctor's office, and many hospitals offer one-day or outpatient surgery.
3. Arrange with your doctor to avoid Friday or Saturday hospital admissions whenever possible, since many services are not provided over the weekend.
4. Question hospital charges you did not expect.
5. Compare doctor and hospital rates.
6. Inquire about drugs and their costs, and consider asking for generic drugs.
7. Take care of yourself. Help prevent illness and injury by choosing healthy routines, e.g., exercise regularly, eat nutritiously, control your weight, quit smoking and illegal drug use, limit alcohol intake, reduce stress, monitor blood pressure and cholesterol levels, wear a seatbelt as a driver and as a passenger, and eliminate safety hazards in your home.

Remember that when you are well informed and attentive, you are in the best position to control your own health care costs. Staying healthy is of course the most economical form of health care.