

FREE Federal Employees Retirement Planning Guide
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Open Season Selections / Online Sign Up & More

by Dennis V. Damp

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Well, after weeks of reviewing plan brochures, talking with program representatives and fellow retirees, and discussions with my wife we finally decided to change plans. Historically, I opted for HMOs because of the 100% coverage for most costs. This year I decided to compare the Blue Cross & Blue Shield Fee for Service plan to my HMO coverage and analyze the benefits and risks associated with the change. Our decision to change plans was driven by several factors including high HMO premiums. The Blue Cross Basic plan is less than half the cost of our local HMO!

This change wasn't easy. I read the brochures front to back and still had questions after going through them several times. They are confusing to say the least unless you fully understand the terminology used and terminology can change between plans to a degree. My initial aversion to Blue Cross & Blue Shield coverage was all of the exceptions that are included for non-participating/non-member practitioners and the various Preferred Provider Allowance (PPA) co-pays under the Standard Option and the Catastrophic Benefits limits for both plans.

I was drawn to the Basic Plan because of its simplicity and it feels more like a traditional HMO with some major differences. Instead of PPA fees for many procedures you have co-pays and you are restricted to Preferred Providers within the network just like an HMO. However, the Blue Cross & Blue Shield network providers are available nationwide — an advantage for retirees who like to travel or go south during the winter for extended periods.

After much reading and analysis I came to the conclusion that to make this change you have to be willing to take certain risks. The cost of the plan at \$192.82 is considerably less than my 2007 HMO premium of \$410.19, a \$2608.44 annual health insurance reduction. However, if your family suffers major illnesses and/or ends up in the hospital numerous times throughout the year you may have considerable out-of-pocket expenses. Blue Cross and Blue Shield limits your family's catastrophic losses for out-of-pocket expenses, coinsurance and co-payments, to \$5,000 per year. Also, if you use a non-preferred provider none of the costs are covered and in this situation your out-of-pocket expenses could exceed \$5,000.

Where do these copayments and fees come from?

The Basic Plan requires a \$100 copay per day up to \$500 for 5 days for in hospital stays. After five days all costs are covered. If you and another family member have multiple stays your out-of-pocket expenses will be high. If you don't pre-certify a hospital visit you will be fined \$500. Most physicians will pre-certify visits however the patient is responsible to make sure the visit was certified except for emergency visits. You still have to notify Blue Cross after the emergency visit. You have various copayments that can add up as well, \$50 for accidental injury physician services, \$100 surgical care copays, and so on.

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The “*Service Benefit Plan Summary*” booklet outlines copays in section two. Review the 2007 Plan Brochure for complete details. All-in-all, if you and your family have major medical problems you may end up paying significant out-of-pocket expenses.

Looking back over the last 30 years my family had 3 hospital stays with maybe 4 emergency room visits. Historically this may be true but we are getting older and you never know what lies ahead. Overall, my wife and I are in good health with several medical conditions that require treatment. The risk is tolerable for us and I’ll start a personal medical fund depositing the \$2608.44 premium savings for the next three years to cover out-of-pocket expenses. If you or a family member have a major medical issue diagnosed you are never more than 12 months away from an open season and can change back to an HMO or higher coverage plan if you foresee problems down the road.

Steve, a good friend and federal retiree, enrolled in Blue Cross Blue Shield Standard in the early 1990s. I asked him if his out-of-pocket expenses were ever excessive. He stated that he hasn’t had any unusual expenses other than normal copays since he first enrolled. He and his wife also turned 65 last year and since then Medicare has covered all Blue Cross & Blue Shield out-of-pocket expenses and copays except for prescriptions.

FEDVIP Elections

Finally we have comprehensive dental and vision care available. I decided on MetLife High Option Dental and Blue Vision. Both plans provide comprehensive coverage and are low cost. My monthly premium for MetLife Self +1 High Option is \$51.87 per month and Blue Vision High Option Self costs \$10.86 per month. My total monthly health insurance premium will decrease from \$410.19 (what my HMO premiums would have been in 2007) to only \$255.55 including Blue Cross Blue Shield Basic. A savings of \$154.64 per month or \$1855.68 per year. I’ll report back next fall on just how cost effective the year turned out to be taking in to consideration any out-of-pocket expenses that I incurred that would have been covered by my HMO. The [previous articles](#) on Open Season have more information and links that you can use to evaluate your options.

FEHB & FEDVIP Sign Up (Online)

I signed up for my new FEHB elections online at <http://opm.gov/retire/fehb>. It only took about 7 minutes to complete the enrollment and receive a confirmation. You have to provide your CSA or FERS retirement Number and the last 4 digits of your Social Security number. Then select your new plan from a drop down menu for your state. After selecting the new plan, enrollment code 112 in my case, you are asked to confirm data for your dependents and I did find an error that I had to correct. The enrollment form states that you will receive your new cards 30 days from the date you initiate the change and we wanted new cards before January 1 so we can order prescriptions at reduced costs under our new plan. My wife’s prescriptions are considered non-formulary by our HMO and Blue Cross has the same drugs on their formulary list and they cost less.

Go to <http://www.benefed.com> to sign up for the dental and eye care programs. If you don’t have access to a computer you can also register by phone by calling 1-877-888-3337 or TTY number 1-877-889-5680. It took me about 20 minutes to login and register for both programs. It takes a little longer to register for

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FEDVIP because the private vendors don't have your personal information that OPM has for retirees. You have to confirm your status, add dependents, and select your plans. During registration you will be provided with a user ID and you select a password for future site access. The providers also send email confirmations if you signed up online. I received my email confirmations a few minutes after signing up.

OK, I'm done how about you? I received several questions about plan comparisons in other parts of the country. I only evaluated plans in my area and the national Fee For Service Blue Cross and Blue Shield programs. To fully understand the programs in your area you are going to have to read through the plan brochures to make comparisons. You can do some of this online at the web sites mentioned in this article.

Don't Miss This One

I'm reviewing Tom Adams book "*Savings Bond Advisor; How U.S. Savings Bonds Really Work With Investment, Tax, and Estate Strategies*" next week on our book review page located at <http://federaljobs.net/retire/reviews.htm>. I thought I knew about everything I needed to know about savings bonds until I read this easy to read and highly informative guide. If you are like many feds you have accumulated a good number of bonds over the decades and this book pretty much tells you when to hold them and when to fold them with everything in between. Visit the review page next week for the complete review.

This Week's *For Your Benefit* Radio Talk Show

Tune in to the "*For Your Benefit*" weekly retirement planning radio talk show this Saturday from 10:00 to 11:00 a.m. EST. Visit <http://federalnewsradio.com> to tune them in live or to listen to the archived show after this date. The guests for the December 2nd show are Judith Herron, Senior VP Marketing and Larry Stacy, Account Manager, **Federal Programs CompBenefits, Dental Plan** with hosts Bob Leins, CPA, and Tammy Flanagan, Senior Benefits Director NITP. Visit them each Saturday to get the answers you need to your federal retirement questions. Call 1-866-895-5086 to ask questions during the show or email your questions 24/7 to foryourbenefit@nitpinc.com.

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