It’s time to make a decision regarding your Medicare coverage

This pamphlet has information that will be helpful to you, including:

- Four parts of Medicare — A, B, C and D
- Provider types
- When to enroll
- Medicare coverage & FSBP
- No Medicare coverage & FSBP

Part A: Hospital Insurance

It helps pay your hospital expenses like:

- Inpatient hospital care (not observation care, which is outpatient)
- Hospice care services
- Limited inpatient skilled care in a skilled nursing facility (SNF) - NOT custodial or long term

Part A Quick Facts

- Everyone eligible for premium-free Part A should enroll — whether working or retired — as soon as you reach age 65
Part B: Medical Insurance

It helps pay your medical expenses like:

- Doctors’ services and tests
- Outpatient hospital services, including observation care
- Limited home health services (must be homebound)
- Durable medical equipment
- Kidney dialysis
- Certain preventive and screening services

Provider types are important as they relate to what Medicare covers and what the FSBP covers:

Participating providers (accept Medicare assignment) agree to:

- Bill Medicare for patient services
- Be paid by Medicare (get the amount Medicare approves for their services)
- Charge only the Medicare deductible and/or coinsurance amount

FSBP will pay cost-sharing (deductibles and coinsurance).

Non-participating providers (do not accept Medicare assignment):

- Medicare approved amount is lower than for participating providers
- Physicians can charge only up to 115% of Medicare approved amount (limiting charge)

FSBP will pay regular cost-sharing AND the extra 15%.

Private Contract (Opt Out) providers with individual written agreements between you and your doctor not to bill Medicare (these providers bill you directly for services covered by Medicare):

- Original Medicare, other Medicare plans and Medigap plans will NOT pay
- You will pay ALL charges
- No claim can be submitted to Medicare

FSBP will pay only the amount we would have paid if Medicare had made payment (generally 20%), and you are responsible for all charges beyond FSBP payment.

### Part B Quick Facts

- Enrollment in Part B is voluntary at age 65
- Must pay a monthly premium, subject to Means Testing based on your Modified Adjusted Gross Income (MAGI) as filed on your 1040 tax return
- May pay a penalty if not enrolled at first opportunity and enroll at a later date
- Can defer Part B under certain situations, such as:
  - Covered under group health plan based on current employment

<table>
<thead>
<tr>
<th>Billed amount</th>
<th>Participating</th>
<th>Non-participating</th>
<th>Private Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000</td>
<td>$1,000</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Medicare approved amount</td>
<td>$800</td>
<td>$760</td>
<td>$800</td>
</tr>
<tr>
<td>Medicare limiting charge</td>
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<td>$874</td>
<td></td>
</tr>
<tr>
<td>Medicare pays</td>
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<td>$608</td>
<td>$0</td>
</tr>
<tr>
<td>FSBP pays</td>
<td>$160</td>
<td>$266</td>
<td>$160</td>
</tr>
<tr>
<td>Your liability</td>
<td>$0</td>
<td>$0</td>
<td>$840</td>
</tr>
</tbody>
</table>
Part C: Medicare Advantage

Medicare approved HMO type options offered by private insurers

Part C Quick Facts
- Receive Part A and Part B coverage, but not from Original Medicare – different Out-of-Pocket (OOP) costs and rules apply
- May receive additional benefits (e.g., vision, dental, podiatry) and lower cost-sharing
- Can suspend Federal Employees Health Benefits Program (including FSBP) coverage if enrolled in Medicare Advantage

Part D: Prescription Drug Plans (PDP)

Prescription drug coverage offered by Medicare approved private insurers

Part D Quick Facts
- Costs vary by plan
- Most people will pay:
  - Monthly premium (Means Testing and MAGI applies)
  - Deductible, copays, coinsurance
- Federal retirees likely will not benefit from enrolling in Medicare Part D and paying extra for prescription drug benefits. FSBP remains the primary payor for most of your prescription drugs
Signing up for Medicare Part B

Initial Enrollment Period
- Seven months — the three months before your 65th birthday, the month of your birthday and the three months after your birthday

Special Enrollment Period (if you remain actively employed beyond your 65th birthday)
- Eight month period after employment ends or current employment group health plan ends
- Retiree health plans don’t count as “current”
- Required forms: CMS-40B application and CMS-L564 proof of current employment coverage (signed by employer)
- Start early! Have HR complete shortly before retirement date*

General Enrollment Period*
- Annually — January–March

*Part B Late Enrollment Penalty – If you don’t enroll in Medicare Part B when you become eligible, your Part B premiums will be 10% higher for each full 12-month period you didn’t enroll. You will pay this penalty for as long as you have Medicare.

In summary — if you are retired, over age 65 and have Medicare:
Medicare A & B will be the primary payor. The FSBP will work closely with Medicare to:
- Fill most of the gaps in Medicare for services covered by them (be aware of SNF limits for both Medicare and FSBP)
- Coordinate coverage with Medicare

So, you generally have little or no liability and you retain excellent prescription drug benefits that FSBP continues to cover.

NOTE: Since Medicare generally does NOT cover services overseas, FSBP will pay normal benefits for treatment you receive overseas.

Now for Something Different

What if you DON’T enroll in Medicare Part B?
- The FSBP provides the same excellent coverage, only with no coordination of benefits
- You will have regular out-of-pocket expenses
- Federal law limits your liability to some extent
- If your physician participates with Medicare, then he/she cannot charge more than the Medicare approved amount
- If your physician does not participate with Medicare, then he/she can charge only up to the limiting charge (115% of Medicare approved amount)

It’s always a good idea to use a provider who participates in the FSBP network. In-network providers agree to limit what they will bill you:

<table>
<thead>
<tr>
<th>If your physician:</th>
<th>Then you are responsible for:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participates with Medicare and is a member of our network,</td>
<td>your in-network deductibles and coinsurance.</td>
</tr>
<tr>
<td>Participates with Medicare and is not a member of our network,</td>
<td>your out-of-network deductibles and coinsurance.</td>
</tr>
<tr>
<td>Does not participate with Medicare and is a member of our network,</td>
<td>your in-network deductibles, coinsurance, and any balance up to 115% of the Medicare approved amount.</td>
</tr>
<tr>
<td>Does not participate with Medicare and is not a member of our network,</td>
<td>your out-of-network deductibles, coinsurance, and any balance up to 115% of the Medicare approved amount.</td>
</tr>
</tbody>
</table>
Everyone eligible for premium-free Part A should enroll whether working or retired. To enroll in Medicare Part B is a personal decision. We hope the information in this pamphlet helps you as you make that decision.

Here are some good resources to help you find the answer that is best for you:

- www.opm.gov/healthcare-insurance/healthcare/medicare
- www.ssa.gov
- www.medicare.gov
- www.medicare.gov/sign-up-change-plans/index.html

If you have questions about coordinating your FSBP benefits with Medicare, please give us a call directly at **202-833-4910** or email us at health@afspa.org

In summary

Note: The information presented in this brochure is accurate as of Spring 2016.

This is a summary of the features of the Foreign Service Benefit Plan (FSBP). For a complete description, please read the Plan's Federal brochure (RI 72-001). All benefits are subject to the definitions, limitations and exclusions set for the in the Federal brochure. This is also a summary of Medicare features. For more information about Medicare, call 1-800-MEDICARE, or visit www.Medicare.gov.