Medicare and the FOREIGN SERVICE BENEFIT PLAN

Putting it Together

The FOREIGN SERVICE BENEFIT PLAN has Health Plan Accreditation from the Accreditation Association for Ambulatory Healthcare, Inc.
Reaching age 65 is an important milestone. Many people choose to retire at that time and it is also the point at which most people become eligible for Medicare. This guide will help you understand Medicare’s features and how these benefits work with your Foreign Service Benefit Plan (FSBP) coverage.

What is Medicare?

Medicare is a health insurance program for:

- People age 65 or older
- Certain people under age 65 who have disabilities
- People of any age with End-Stage Renal Disease

Unlike your FSBP coverage, spouses and other family members cannot be covered under a Medicare enrollment. Medicare is available only to individuals who meet Medicare’s enrollment criteria. Your family members still can be covered by your FSBP benefits, when you maintain a family enrollment.

Medicare provides health care benefits (in the U.S. only) like most other health insurances, but it does not cover everything. Consider keeping your FSBP coverage to help pay what is left after Medicare pays its benefits.

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

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 care in a skilled nursing facility (SNF) – NOT custodial or long term care

Part A: Quick Fact

- 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 Part B covers and what FSBP covers. This chart displays an example of how your expenses can change, depending on the category of provider you visit:

<table>
<thead>
<tr>
<th></th>
<th>Participating</th>
<th>Non-participating</th>
<th>Private Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billed amount</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>
<td>$874</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicare pays</td>
<td>$640</td>
<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>

Participating providers (who accept Medicare assignment) agree to:

- Bill Medicare for patient services
- Be paid by Medicare (receive 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 (who do not accept Medicare assignment):

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

FSBP will pay regular cost-sharing up to the limiting charge.

Private Contract (Opt Out) providers may ask you to sign a private contract agreeing to be billed directly for services ordinarily covered by Original Medicare, that is, the provider may have opted out of the entire Medicare Program. Should you sign an agreement:

- Original Medicare, other Medicare plans and Medigap plans will NOT pay
- You are responsible for 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 the FSBP payment.

Part B Quick Facts

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

NOTE: Since Medicare generally does NOT cover services overseas, FSBP will pay normal benefits for treatment you receive abroad. You must file your overseas claims directly with FSBP.
**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 your 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 your retirement date*

*General Enrollment Period*
- Annually — January–March

*Part B Late Enrollment Penalty*
- If you don’t enroll in Medicare Part B when you first 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. FSBP will work closely with Medicare to:
- Fill most of the gaps in Medicare benefits for services covered by them (be aware of SNF limits for both Medicare and FSBP)
- Coordinate coverage with Medicare

You generally have little or no liability. Plus, you retain the excellent prescription drug benefits that FSBP will continue to cover.

Learn how to sign up for Medicare on the back of this brochure.

**Part C: Medicare Advantage**

Medicare approved comprehensive 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 costs and rules apply
- May receive additional benefits (e.g., vision, dental, podiatry) and lower cost-sharing
- For information on suspending your Federal Employees Health Benefits (FEHB) program enrollment, please contact your retirement office

**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)
  - Deductibles, copays, and 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
- Part D Late Enrollment Penalty – If you lose or drop your FEHB coverage and go 63 days or longer without prescription drug coverage that is at least as good as Medicare’s prescription drug coverage, your Medicare Part D premium will go up at least 1% per month for each month you did not have that coverage. You will pay this penalty for as long as you have Part D
Now for Something Different

What if you DON’T enroll in Medicare Part B?

- 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) – excludes Opt-out physicians

It is 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>
<tr>
<td>Opts-out of Medicare via private contract,</td>
<td>Your deductibles, coinsurance, copayments, and any balance your physician charges.</td>
</tr>
</tbody>
</table>
In Summary

Apply for Medicare – even if you’re not ready to retire, but are reaching, or already over 65. Everyone eligible for premium-free Part A should enroll, regardless of employment status. However, enrolling in Medicare Part B is a personal choice. We hope this brochure assisted you in making that decision.

Ways to apply for Medicare Part A and/or Part B.
1. Online – Visit ssa.gov/benefits/medicare
2. By phone – Call 1-800-772-1213 or 1-800-325-0778 (TTY)
3. In-person – Visit your local Social Security office
4. Outside the U.S. – Enroll at your nearest U.S. Social Security office, usually inside the U.S. Embassy/Consulate. Learn more at medicare.gov/manage-your-health/information-for-my-situation/im-outside-the-us

Resources to help you find more answers.
- opm.gov/healthcare-insurance/healthcare/medicare
- ssa.gov
- medicare.gov
- medicare.gov/sign-up-change-plans

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

For more information or questions, please contact us:

**FOREIGN SERVICE BENEFIT PLAN**
1620 L Street NW, Suite 800
Washington, DC 20036

Secure email: afspa.org/fsbp411
Website: afspa.org/fsbp

Telephone: 202-833-4910

**Protective Association**

Hours of Operation – Monday – Friday
8:30am to 5:30pm (EST)

Email: afspa@afspa.org
Website: afspa.org

Note: This brochure content is accurate as of Spring 2020.

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 forth in the Federal brochure. This is also a summary of Medicare features. For more information about Medicare, call 1-800-MEDICARE, or visit medicare.gov.