

Medicare: Part B and COVID-19 updates



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I've written previously about Medicare, providing an overview of Parts A, B, C and D in the August 2018 retirement column of *The Postal Record*. This article will discuss Medicare Part B and provide some Medicare updates regarding COVID-19.

Medicare Part B medical coverage includes physician and nursing care, laboratory and diagnostic tests, vaccinations, outpatient hospital procedures and similar services. It also includes durable medical equipment such as crutches, walkers and wheelchairs, as well as prosthetic devices.

Retirees will be faced with a decision at age 65 to decide if they want to enroll in Medicare Part B. When you're first eligible for Medicare, you have a seven-month initial enrollment period. You can sign up during the seven-month period that begins three months before the month you turn 65 (including your birth month), and ends three months after the month you turn 65. If your initial enrollment period ends, you may have a chance to sign up during a special enrollment period if you or your spouse (or family member if you're disabled) is working, and if you're covered by a group health plan through that employer or your union. If you are eligible, the eight-month special enrollment period starts the month after the employment ends or the month after group health insurance based on current employment ends (whichever comes first).

The reason there is so much emphasis on the enrollment period is the late enrollment penalty associated with Part B. A late enrollment penalty will increase the monthly premium 10 percent for each 12-month period you could have had Part B but did not sign up. This late enrollment penalty is not temporary and very quickly becomes cost-prohibitive.

The standard Part B premium for 2021 is \$148.50 per month. This reflects an increase of \$3.90 over the 2020 standard premium. The premium will be higher if your yearly income in 2019 exceeds a certain amount, and the premium continues to grow at certain income thresholds. If your 2019 yearly income was more than \$88,000 under an individual tax return, or more than \$176,000 under a joint tax return, the premium will be increased above the standard of \$148.50 for 2021.

Now that we understand the standard cost of Part B, let's look at an example of the late enrollment penalty to under-

stand its impact. Let's say I retired at age 62 and became eligible for Part B at 65. I decide I'm healthy, have good health insurance and don't need Part B. A few years later, I'm now age 70 and have had a few minor health issues. Although I have good health insurance, my out-of-pocket costs have started to add up and now I'm interested in Part B. But because I'm now five years past my initial enrollment period, I would be facing a 50 percent premium increase over the standard premium. A 50 percent increase over the 2021 premium would amount to a monthly premium of approximately \$223. The longer you wait, the less likely you are to be able to afford the premium, especially on a fixed income.

Most retirees elect to continue their Federal Employees Health Benefit (FEHB) plan and also enroll in Part B when eligible. For retirees, your FEHB plan becomes a secondary payer and Part B becomes the primary (this is not the case for active federal employees). This means that Part B will first pay in accordance with its fee schedule, minus certain deductibles and co-pays. Then the FEHB plan pays for the deductibles and co-pays (however, some FEHB fee-for-service plans—for instance, those that are not high-option—do not always cover the cost for deductibles and co-pays; therefore, check a plan's brochure for how it coordinates benefits with Medicare Part B). With this combination, out-of-pocket costs for medical treatment generally become zero. Signing up for Part B does not affect the premium of your FEHB plan.

Medicare can be used to cover some expenses related to the coronavirus. Medicare Part B covers the lab test for COVID-19, and you pay no out-of-pocket costs. Part B also covers a COVID-19 antibody test at no cost to you. Additionally, Medicare states that vaccines will be covered.

Part A (hospital insurance) covers inpatient hospital care when all of these factors apply: you're admitted to the hospital as an inpatient after an official doctor's order, the order says that you need inpatient hospital care to treat your illness or injury, the hospital accepts Medicare, and in certain cases, the utilization review committee of the hospital approves your stay while you're in the hospital.

Making health care decisions, especially when it involves multiple plans, can be complex and intimidating. But the time and effort to analyze the costs and benefits of your options is vital to a long and healthy retirement. I encourage everyone to research and take the time necessary to make a sound decision suited to your needs. Be sure to visit [medicare.gov](https://www.medicare.gov) for premiums, benefits and other information regarding Medicare, as well as researching how your FEHB plan interacts with Part B.