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**Deaf in Government Financial Literacy Webinar Series**

**Part 3: Health Insurance**

December 7, 2022

7:00 p.m. – 8:00 p.m. ET

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>> Brianne Burger: Hello, everyone! Welcome. My name is Brianne Burger. And I am the communications manager for Deaf in Government, DIG!

Welcome, and thank you so much for joining us tonight. We also want to welcome Kramer Wealth Managers, who are bringing their fourth part of our financial series. So now, right before the holidays, we'll be talking a little bit about health care. Please stay tuned for more in 2023, but this will wrap up our series for 2022!

And honestly, choosing the correct health insurance policy is a very complicated process, and I know for me, when I became a federal employee, that first day of orientation when they bring that big stack of paper to you and go "okay, choose your plan", is a little overwhelming! To expect you to read through all that documentation and then choose something... you know, I want to take a week or two to go through all of that information! And now it's better with everything online, you can click and compare different plans rather than having everything on paper. But, you know, when I first started with the federal government, I was a single woman, my priorities were different, my needs were different. And so the needs for different people between single, couples, families, it's such a fast difference in what you need, and whether it's paper or online, it's still a lot of information to have to go through, and that's what we have Kramer Wealth Managers with us tonight to guide us in how to choose the correct policy

We'll also be talking about Medicare, which I'm very excited about.

So without further ado, there's a lot of information to get through tonight. Get your pens and paper ready to take some notes, and don't worry, the slides will be posted on the DIG website in the morning, so you can access them in there as well. They'll be on the DIG Facebook page, and you can ask us questions or comments on the Facebook page, and we'll also have a Q&A with the presenters at the end. Thank you very much, and I'll turn it over to Stephanie Summers and Jeremiah Thompson. Thank you very much!

>> Jeremiah Thompson: Thank you. Should I go ahead and share my screen? I think I'm ready to do that...

All right, great, hello, everyone. Terrific. Hope you all are doing well.

Today, we are going to be talking more about insurance benefits. So that's going to include health insurance, Medicare, and also FEGLI. So we're covering all three of those topics. Our previous webinar series were focused heavily on income and retirement and retirement resources. So now we're going to be focusing on insurance, both protection for life insurance and health.

So what do you need to know about your federal insurance benefits? Honestly, I could probably spend three or four hours on this topic, there's so much information, but since our time is limited to about 45 minutes or so, I'm going to just be doing some highlights, and just focusing on the important parts that are really important for everyone to know and to keep in mind.

Like I mentioned, we're going to be covering Federal Employee Health Benefits, Medicare, and FEGLI. Before I go into those three, I do want to let you know that the federal government has announced recently that the program for long-term care insurance, FLTCIP -- Federal Long Term Care Insurance Program -- is going to be suspended for a period of two years starting December 19th. So, if you have been thinking about possibly applying for the federal long-term care program, if you've been on the fence, I suggest you go ahead and make that decision before December 19th. Now remember, long-term care is good usually for people who are ages 50 to 55 or up, it's a good idea for them to consider. So I do want to throw that out there.

So now we're going to just focus on the Federal Employee Health Benefits.

So, for FEHB, I want to talk about the coverage that it includes. The coverage options vary depending on the location of the employee and the employee type. So, those of you who live in California could be different than the options that are available to federal employees in Maine. There is a lot of variety. There's not standard options across all federal employees. So it's difficult to focus on, you know, your colleagues that are in other states. You have to look at what's available just in your area.

Most federal employees have access to the same general types of coverage -- PPO, POS, HMO, and HDHP. And so a lot of people know the difference between PPO, POS, and HMO. Not a lot of people are utilizing HDHPs, so we are going to talk about that type of coverage a little bit later.

Now, health insurance coverage, FEHB, can continue into retirement if certain requirements are met. So if certain requirements are met, you are able to continue your coverage in retirement, and we'll be covering that as well. And when you enroll for health insurance, you have options of doing self only, self plus one, or self and family.

So, and it's only children up to age 26 would be included in that.

And you can provide coverage for former spouses as well. So after a divorce has taken place, the former spouse does not have to lose coverage. They can keep coverage. But they have to pay the full premium. And I'll go into that a little bit more as well.

So the requirements for FEHB coverage during retirement is that you have to -- if you're near retirement and you want to continue your health insurance coverage in retirement, you have to make sure you enrolled in the same level of coverage for at least 5 years prior to your retirement date. Then you would be able to continue. If you don't meet that 5-year requirement, then it could cause issues with you being unable to continue the coverage in retirement.

Also, when you apply for FEHB coverage in retirement, you can downgrade the level of coverage that you're in, but you cannot increase the level of coverage, or you can keep it the same.

The premiums that you pay will be the same in retirement as what you're paying as an employee.

And finally, you have to have an immediate annuity retirement, so we're speaking of FERS, or a postponed retirement. So if you're choosing either of those options, you can continue your health insurance coverage. But if you have deferred retirement for FERS coverage, then you're not eligible to continue your health insurance in retirement.

So, remember, immediate, postponed, and deferred are three different types of annuities. If you want to refresh yourself on the difference, you can look at the first webinar, where Stephanie presented about FERS.

FEHB coverage for former spouses of current federal employees... so, for example, if they're married to a federal employee, they go through a divorce, and that ex-spouse wants to continue coverage, you know, they don't want to lose the coverage because of divorce, they want to retain that coverage, they have to make sure that that is included as part of the divorce agreement, part of the separation agreement or divorce agreement, that the former spouse is entitled to their FEHB. That is what's required as part of the divorce agreement in order for them to have coverage. If it's not part of the divorce agreement, they cannot retain that coverage.

Also, former spouses who want to continue FEHB coverage have to understand that they will pay the entire premium. That includes what the government normally pays for federal employees, or for federal retirees. So they are paying both the employee and the employer portion of the health insurance coverage.

So, they can continue coverage with FEHB, but they're not eligible to continue dental and vision plans through FEDVIP. So that's not available for former spouses. Only FEHB health insurance coverage is available.

Now, I mentioned previously, and I want to talk a little bit more about a high-deductible health plan and what that is. So HDHP is high-deductible health plan. It is a health insurance policy, and it's one of the options that you have. So you have PPO, POS, HMO. HDPH is one of the options available to you. If you choose that, it also gives you access to a health savings account, an has. That's the primary difference between that type of coverage and the others, and I'll get into that more in a bit. But it's good for those people who are generally pretty healthy, don't have a whole lot of medical expenses, but they still want insurance coverage for some kind of large bill, like a large hospital bill, serious illness, serious injury, they want to make sure they're covered if there's some major event. But other than that, they're relatively healthy.

High-deductible means that you have to cover out of your pocket, you have to pay out of your pocket, more for the initial medical expenses. So for example, a self only coverage in a high-deductible health plan, the minimum deductible you can have is $1,500, and for family coverage, the minimum is $3,000 in a high-deductible plan.

Why I emphasize the HDHP and the has feature is because in order to access the has feature, the health savings account, you have to be enrolled in an HDHP. If you don't have a high-deductible health plan, you cannot have access to a health savings account. A health savings account is used to cover medical expenses, or you can set aside money to grow long-term, tax-free, until retirement.

So I'm going to talk a little bit more about has. Again, you have to have a high-deductible health plan to be eligible, to establish an has. Now, what is an has?

A health savings account allows you to contribute money into a fund that can be used to cover medical expenses. However, you don't have to use all the money that you contribute in the same year that you contribute it. It is not a use it or lose it feature. You can leave the money there and you can carry it forward for the rest of your life. The money that goes into the account is with pre-tax dollars. So you take money out of your paycheck and it comes out pre-tax. And then like I said, the money that goes into the account, it can be invested. You can pick different investment options for those funds. And that growth is also tax-free. So money grows over the years, and you retire, you still have money in the account, you can use that money to pay for Medicare premiums down the road.

Another advantage -- well, it could potentially be a drawback, too, but one advantage is, as that money grows, if you realize that you need the money for something else that's not a medical expense, you can still access that money. You can take it out and pay it for any other purpose. However, if you do that, it's important to know that there is a 10% penalty. However, if you're over age 65, that 10% penalty is waived.

So what's so special about an has account? It is the only triple tax-free investment option out there. So it is, the money that you put into the has is pre-tax, so you're not paying tax on that income. The money in the account, in the investments, the interest that grows tax-free. And when you withdraw the money to pay for medical-related expenses, the money comes out tax-free as well. So that's why it's called triple tax-free benefit.

Now, I just talked about an HDHP, high-deductible health plan, with an has, health savings account. There is another kind of savings account that does not require a high-deductible health plan, and that is called a flexible spending account, FSA.

So, the HCFSA, health care flexible spending account, that allows you to contribute money, pre-tax, up to $3,050 a year pore employee, for medical and dental expenses, can't be used for any other purpose. You can carry over up to$610 per year, but if it's more than that, you lose it. It is a use it or lose it fund.

If you sign up during FEHB open season, you have to choose, you have to elect that HCFSA during open enrollment. You have to elect it every single year if you want to continue it. The HCFSA plan year starts from January 1st and goes through March 15th of the following year.

So that's the period of time that you have to use up the funds.

I want. To go through some examples of expenses that can use HSA or HCFSA funds. I'm just giving you an idea.

The first example, doctor's visits, different medical related things, and then other over-the-counter medicines and products. So you can take a look at this list.

Okay, now, I want to give a comparison of the HSA plan versus the HCFSA. So, you'll see, in each one, what you can and cannot do.

With the HSA account, some employers do contribute, but not all agencies do. So some agencies contribute to HSA. You'd have to check with your own agency to see if the employer contributes or not.

If the employer contributes, obviously, that's a huge advantage, but if you're with an agency that doesn't, then, you know, no such luck. But HCFSAs, the employers do not contribute.

In an HSA, you contribute and grows, you can carry the money over indefinitely. Where in the FSA, you have to use it up. You can only use it until March 15th of the following year, and then you've got to use it up, except for that $610 that you can roll over to the next year. But you have to use the money no matter what.

In an HSA, you can invest the money. So you can get better growth potential, earn more interest. An FSA, there's no option to invest it, there's no interest, no growth, just whatever you put in, and you can use that.

HSA, you can withdraw for any reason, but like I mentioned before, obviously if it's not for medical expenses, then you would pay a 10% penalty. But FSA plans you cannot withdraw for other purposes, you can only use them for medical expenses.

HSA, again, the funds grow tax-free, and in an FSA account, there is no growth.

An HSA account, you can use it for future Medicare premiums in retirement, while an FSA account cannot be used for Medicare premiums, and of course, an HSA requires a high-deductible health plan, and an FSA does not.

So this just gives you a nice comparison of the two plans, and there are pros and cons to each, and it depends on each individual's personal situation. If you have a lot of medical expenses, aren't really in great health, a high-deductible plan might not be a good option for you, but if you are healthy and don't use a lot of medical care, it may be a good option for you. So I want to stress that it is an individual decision.

All right, so now we're going to shift over to the actual plans, federal dental and vision plans. That's under the FEDVIP plan.

Generally speaking, there are up to 12 dental plans and up to 5-vision plans. Again, it depends on your location what options are available to you. In some locations you'll see all 12 and all 5, but in some locations you'll only see a handful. So again, it does vary by location.

On the dental plans, each option varies based on the amount of co-insurance that is required for each level of service. That includes dental. So for example, preventive, intermediate, major, and orthodontia. These are different levels of dental services, so you'll have to make sure you look at the dental plan and see which service is important for you to include and what the levels of coverage are.

On the vision plans, the variation in plans is based on what the coverage is for the actual exam itself, for lenses, for frames, and the co-pay amount.

Some plans include some features, like laser vision correction, prosthetic eyes, and vision therapy. Among others. So for those people who have specific needs and know that they need these specific types of services, for vision, make sure you look at the plan that you're choosing to make sure that it covers those services that you need.

If you don't really have any special needs, any kind of special vision requirements, and you just need basic needs, then you can probably just look at the cheapest one, the cheapest coverage.

Okay. So, I know I was very broad speaking on the health plans. If you have more questions on that, you can ask in the chat box. But now we're going to move on to Medicare. And again, I'm just going to be highlighting the really important parts, and how it impacts federal employees.

So, Medicare is, I want to stress, is to provide BASIC health care coverage. Basic health care coverage. Just like Social Security income that we talked about before is to provide basic income, and there's an expectation that you have other income coverage in retirement in addition to Social Security, it's the same with Medicare. It's basic coverage, just to meet your very basic needs. That's what it was designed for.

Now, Medicare is a federal health insurance program, and is designed for people who are 65 and older, or people who are under 65, but have certain disabilities. Or individuals with permanent kidney disease. So those people can be included on Medicare as well.

I will say one thing, too, for those who have SSDI, you have to have SSDI for at least two years or more before you're eligible to participate in Medicare.

So, I want to talk about the costs associated with Medicare. Medicare has different parts to it, and I'm going to be pointing out the three main parts. First is Part A, Part B, and Part D.

Part A is hospital insurance. It includes inpatient hospital care, so when you're going and staying at a hospital. It includes skilled nursing facility care, so if you need to use a facility. It also includes hospice care, so if you are in the process of dying and need that kind of care. And it covers some various home-based health care.

So Part A is free.

Part B is the medical insurance part. So the medical insurance Part B only pays for 80% of your medical costs. That's the max that it pays. Now, that includes things like doctor's offices, outpatient care, medical equipment, that's needed to be used.

The cost for Medicare, and I'm going to talk a little bit more about Part B premiums in a moment, but generally speaking, the minimum amount that it would cost is $164.90 per month, or more. And when I say "or more", that's because it's based on your income, and I'll talk about that soon.

Part D is prescription drug coverage. The premium cost for Part D varies depending on which plan you elect. So you have to look at the different plans, what they offer, you have to look at the medications that you need, and see which type of plan would be a good fit for you.

You can only participate in Part D if you are already enrolled in Parts A and/or B. Or A only, or A and B.

However, most federal retirees do not need part B if you have FEHB that you're continuing in retirement.

So I talked about the Part B premiums, and I'll just give you an example. For the year 2023, so, for example, if you are an individual and your income, your modified adjusted gross income, MAGI, so, again, that's modified adjusted gross income, if an individual is earning $97,000 or less, they'll pay that $164.90.

A married couple jointly filing would have to earn $194,000 or less to keep that 164.90 premium.

And then you can see the range. Those who earn between 153 to 180,000 pay the 428, married and joint, 306,000 to 366, they pay that higher premium, too, the 428.60 a month.

The bottom line is, Part B premiums, you really have to look at what your income is, and that's what determines what premium you'll pay for Part B.

And it goes two years back, is what they look at.

For Parts A and B, how you enroll is there are three different enrollment periods when it comes to Medicare. The first is the initial enrollment period. So, when they first -- when individuals first become eligible, when they're first eligible to sign up for Medicare, that's called the initial enrollment period. And -- oh, I'm sorry, I should add too, that that enrollment is starting at age 65. So that's when you're initially eligible to enroll.

And then, for most federal employees, they do not need Medicare B while they're still working. Now, there's also a special enrollment period. For individuals who are over 65 that are already covered by their group health insurance are are still working, they can actually sign up later during a special enrollment period.

So that would be when they stop working. That's when they'd have their special enrollment period.

And then there's the general open enrollment period, and that is, let me get the dates... so, if they hadn't signed up for Medicare before, when they were first eligible, then they can sign up during the general open enrollment period. And that is from January 1st to March 31st every year. That's the open enrollment period.

Now, related to that, there's important key information to know. If you choose to join later, during an open enrollment period, you can have a late enrollment penalty. So if you don't sign up when you're first eligible, you could have a penalty. And it's 10% additional premium every year, for every year that you delay.

Now, I know this is probably the most common question, most common discussion among federal employees: Do federal employees need Part B? Well, it depends. It really depends on which plan you have for health insurance. And also, how healthy you are -- what your health status is. You know, if you're very healthy and don't use much coverage, don't have a whole lot of medical expenses, versus if you do. And so that question really has to be answered on an individual basis and determined by an individual person's situation.

What's important to know is that if you decide to go ahead and add Part B, Medicare actually will become your primary insurance plan. If you have both Medicare and FEHB, Medicare will be your primary insurance, so that would be looked at first for whatever expenses. They'll file with Medicare. If they cover it, they'll pay whatever they pay. And then whatever they don't cover will then be billed to your FEHB plan to cover the rest. And then of course whatever isn't covered by both, you would pay the rest. So Medicare gets filed first.

Now, if you determine that you don't need Medicare Part B initially when you first retire, you figure, eh, I don't need it, but later on, as time goes on, you're realizing you should have added it, and you add it later, you will be subject to that 10% penalty per year, so your premium will go up significantly. So it's important to keep that in mind.

So that covers the Medicare portion. Now we're going to shift over to FEGLI -- Federal Employee Group Life Insurance.

So, obviously, that focuses on life insurance.

Let's look at what type of coverage FEGLI offers. Basic coverage is automatic for everyone, and then the additional optional coverage requires enrollment. So you have to sign up for any of the optional coverage, while basic is automatic.

Option A is called standard. Option B is called additional. And Option C is called family coverage.

So we'll start with basic, and then we'll look at the other options.

Basic coverage, again, is automatic upon hire, so as soon as you're hired, that coverage will start. The amount, the death benefit amount is calculated based on your annual income, your base pay, plus $2,000. So just to give you an example, here, if your total base pay is $47,500, it will round up to to $48,000, and then add $2,000, for a total of $50,000. And this is for basic only.

For those who are U.S. Postal Service employees, they do not pay for basic coverage, while all other federal agencies do have to pay a premium, but the cost is very low.

So now let's look at the other options. Like I mentioned, basic is the first one, and it only costs $0.16 per paycheck for each $1,000 of coverage.

Now, Options A, B, and C, we'll look at the cost for those. Option A, standard, is just an additional $10,000.

The biweekly cost of that is between $0.20 to $6, depending on your age. So, obviously, the younger you are, the cheaper the insurance would cost, and the older you get, that cost will increase. It will be more costly as you get older.

Option B, the additional coverage, so you can choose to sign up if you feel that the basic coverage is insufficient. You can add more coverage, anywhere from 1 to 5 times your salary. So you can choose between 1, 2, 3, 4, and 5 times your salary. So if your salary is $50,000, and you choose a 5-times multiple, the additional death benefit on top of basic would be $250,000. And again, the price is dependent on your age when you enroll, but it's between $0.02 to $2.88 per $1,000 coverage of each biweekly paycheck.

Part C is additional coverage on your family, so you can get $5,000 additional coverage on your spouse, and $2,500 for each child up to age 22. And you can elect multiples anywhere from 1 to 5 times. So 1, 2, 3, 4, or 5, those amounts. For example, if you chose the $5,000 on your spouse with a 5 times multiple, that would be $25,000 of coverage. And then for children, that would be up to $12,500 per child. And again, the cost ranges depending on age, between $0.20 and$7.80 per $1,000 of coverage.

What's important to look at is what your needs are, how much money you actually need for protection, and then you can look at what your options are for protection, Options A, B, and C, and see what you would need to fit your life insurance needs. The OPM website has a FEGLI calculator that you can use, so you can play around with it, put in all your information, and see what the total cost would be, based on the amount of death benefit that you put in.

So they have a website -- we have a website link here in the PowerPoint, when you look at it later, you can click on that.

Now, FEGLI also has some additional added benefits as well. For those who are 45 and under, there is an additional automatic benefit. For those who work for the federal government and have FEGLI and are under age 35, if you were to die, the basic amount would actually be double.

From age 35 to 45, that additional double benefit will slowly reduce by a tenth every year until age 45. Then it becomes the regular basic coverage, with no additional benefit.

There's also accidental death and dismemberment coverage. There's two different parts of that.

First is accidental death. So, if you die from an accident, you will get double the amount of basic insurance and double the amount of Option A, if you are enrolled for Option A.

With regard to dismemberment, if you lose a hand, a foot, or an eye, if you lose one body part, you would get half of the amount of basic and half of Option A, if enrolled.

But if you lose more than one body part, then you would get your full additional basic, instead of half. So it would be a double amount, of both basic and Option A.

In order to continue life insurance in retirement, you have to meet certain requirements. In order to be eligible to do that. The first is that you have to retire on an immediate annuity. And you also have to already have FEGLI coverage on the day that you retire, and you must have had that coverage for the immediate 5-year period preceding the retirement date, or since the first time you were eligible. So if you've only been working for 3 years, and you signed up immediately upon hire, then that would still count.

Again, if you have a deferred annuity, you are not eligible to continue FEGLI coverage. For a postponed annuity, so, if you decide to postpone your annuity, during those postponed years, you won't have FEGLI coverage, but you will still have access to it again once you start your pension, once you start your annuity. So, again, it's important to understand the difference between the three, the immediate annuity, the postponed annuity, and the deferred annuity. So please go back and look at the FERS presentation, the FERS webinar, for more clarification on those differences.

Now, once you retire, you have different options for your coverage. You'll be given three different options for basic coverage, for the basic coverage amount, and you can choose among one of the three. The first is no reduction, which means your death benefit will stay exactly the same as it was while you were working without any reduction. However, you will see more of a cost. Before age 65, it's 2 dollars.5967 per $1,000, and once you turn 65, it's $2.25 per $1,000. If you choose a 50% reduction, it means your death benefit will slowly reduce by 2% per month until it gets down to 50% of its original amount. So that's 25 months. And then the costs are there for that.

If you choose the 75% reduction, that means that the full basic death benefit amount will slowly reduce by 2% per month for 37 months until it gets down to 25% of your original coverage, and then it will stay at that level for the rest of your life. The cost there, if you are age 65 and up, it's free. So you can keep it at that 75% reduction and it's free.

My last comment on that is, if you choose no reduction, you want to keep the full death benefit amount, but later on you decide that you only need 50%, or even 75% reduction, you can make that change later on.

So that was the discussion on basic.

But now you also have options for A, B, and C as well.

For Option A, that's, remember, just a flat $10,000, that will reduce 2% per month until you have $2,500 remaining. And before age 65, that cost is 3.90 a month, and after age 65, it's free..

For options B and C, you have two choices within each of those options. You can either choose no reduction, or a full reduction. So, again, Options B and C, same two choices -- either no reduction or a full reduction. Obviously no reduction means whatever benefit you had, the death benefit amount will remain the same for the rest of your life. However, the cost will go up every 5 years. So, for a 5-year period, the premium will go up and it will become more expensive the older you get.

If you choose a full reduction, whether it's Option B or Option C, you'll see a 2% reduction in that death benefit amount until there is nothing remaining. So that's 50 months when the coverage will slowly deplete.

Age 65 and up, that coverage is free.

And my last comment there: Again, you can cancel or you can reduce that coverage at any time, once you've made your election.

So now, I know I went through all of that information really quickly, because there's a lot of information! So hopefully you found that information beneficial,

I'll give you the opportunity to ask some questions for more clarification.

>> Brianne Burger: Hi, Jeremiah, this was such an informative talk. Just like I said at the beginning, the amount of paperwork and the amount of information you went over was just incredible, so thank you for that.

>> Jeremiah Thompson: Right!

>> Brianne Burger: I want to remind everyone that it is currently federal open season, from November 14th to December 12th, so this Monday, open season ends. So if you're thinking about making any changes to your selections, now is the time to do it. And now we have Stephanie and and Jeremiah here with us to explain all of those options.

I did want to share some of the questions. We have a lot of questions in our chat. We don't have a lot of time left, so I'd like to share as many as I can.

One person has Kaiser Permanente health insurance currently and is asking, is that the cheapest option for health insurance for self plus family? They said that they had done some research on an HDHP, high-deductible health plan, and what they were seeing was that the HDHPs were actually more expensive than the HMO with Kaiser Permanente, and that they were under the impression that the HDHP health plans were meant to have a lower premium than those traditional insurance plans, but it doesn't seem to be the case. Do you find that to be true?

>> Jeremiah Thompson: Stephanie, you want to take that?

>> Stephanie Summers: Yeah, Kaiser Permanente is different because you can only use their doctors, you can't use physicians out of network. So it's very limited, and that's just how they function, in a very limited fashion, so you can only see physicians in their network, that are Kaiser Permanente doctors, and that's why they're able to offer at such a low rate.

>> Jeremiah Thompson: And I would add with regard to HDHP, HMO, PPO, yes, HDHP is more expensive altogether because you're paying more out of your pocket. That's why I said, you know, you have the advantage of being able to access the has, but there are drawbacks too. It's usually good for people who are very healthy and don't utilize of medical care, they don't go to the doctor that often. So that might be a better fit for them. But those people who go to the doctor a lot, or have a lot of health care needs, HDHP may not be a good idea for them because of that high deductible. So, you know, a lower deductible plan means less money out of pocket.

>> Brianne Burger: And I just wanted to add, just a personal opinion, and this does not represent the opinions of DIG or -- and please, you know, go ahead and give me feedback! -- but for me, as a college student, when I was living in California, I had Kaiser Permanente, it's big in California, less so on the east coast, although I do see it growing, but it's very popular in the west coast.

And I personally, you know, I had just kind of a broad health insurance plan at the time, but I got very ill. And my roommate freaked out -- she had Kaiser Permanente, and she ended up taking me to her Kaiser hospital, and I was very sick, very out of it, couldn't even function, so I didn't know what to do, I didn't know what was going on, she took me to her hospital and they found out I didn't have Kaiser insurance and they turned me away, wouldn't even treat me. I was flabbergasted that that could even happen, but it's true, you have to have Kaiser insurance and you have to go to their hospitals. Though now I realize I can go to any hospital, even with my general insurance, I could go to any hospital -- except for Kaiser! But I didn't realize it at the time. And that experience made me realize I didn't want to even deal with Kaiser. So, my policy is I try to look for the broadest plan possible that covers any exceptions, if I was traveling somewhere, say, and needed medical treatment, which has happened to a friend of mine, where she actually had a state plan, which was under her Obamacare, ACA plan, and she chose a state-specific plan but got sick out of state and ended up not getting covered because the other state was out of network, her health care was only covered in the state she was living. So my experience has always led me to choose a PPO plan because that gives me the most options and the most access to more doctors. And I do realize that I'm paying a little more for that PPO plan, but again, I want to have access to as broad a network as possible and as broad a range of different doctors and specialties as possible. So rather than limiting myself, I prefer to have a broader plan. That's just my preference.

>> Jeremiah Thompson: Sure. And Kaiser really depends on your location, so I'm glad you shared your experience because I have heard that from others. Yes, PPOs give you more options. High-deductible health plans are usually more broad, too, it's just that you have the higher deductible. But it's important that you look at what the out-of-network and in-network coverage is because that will help you figure out what's a better fit for you. But you're right. It is based on preference.

>> Stephanie Summers: Yeah, you have to look at what fits your needs.

>> Brianne Burger: Now we have another question about has. What if, say, 5 years after you make an has, you leave the HDHP and choose another health insurance plan, HMO or PPO plan. That has, does that become inaccessible to you? Or can you continue to use the has, even though you don't have an HDHP?

>> Stephanie Summers: Yes, you would leave the money there. So you can't add any additional money after you leave that HDHP plan. You have to continue to have the HDHP plan to continue to add money to your has. And the HDHP -- I'm having trouble spelling that! -- the HDHP is linked to that has. So once you drop the HDHP, you keep the has, you just can't add to it

>> Brianne Burger: I always thought that the has followed a two year rule, that you could contribute that year and you had an additional year to spend that money, and you could contribute the next year and have the following year to spend that money. I use the dependant care fund, which is under the umbrella of that kind of fund, has funds, they have HSAs, FSAs, vision and dental funds, and then dependant care fund, so I utilize that. With dependant care, say for my kids' camps that I utilize that money, and I try to foresee what costs I'll have next year, I put it away this year in order to try to spend it next year. But as I put the money away for one year, I'm able to spend it for two years. And I was under the impression that has was the same. But is it different?

>> Jeremiah Thompson: It's different.

>> Stephanie Summers: Yes, it is different. What you're talking about is a dependant care account. And that's actually a similar concept to the flexible spending account, the FSA, for health insurance or health care. But this is two different things. So there's a flexible spending account, which can be used for medical.

>> Brianne Burger: Right...

>> Stephanie Summers: And there's a dependant care account, which are two different things.

>> Brianne Burger: So flexible spending health account is not the same as an has? Oh, I was under the impression it was the same thing, I'm sorry. Didn't want to mislead anyone! That's my mistake, not theirs. We'll go to the next question --

>> Jeremiah Thompson: I just wanted to mention one more thing. The money that you contribute to a flexible spending account, an FSA, it's important that you plan ahead for that, the expenses that you're anticipating coming up. So you can put up to, I think it's $3,050 -- I can't remember the exact amount. But if you think you're only going to spend $1,000, make sure you're only contributing $1,000, that way you're not losing money at the end of the year, because you cannot carry it forward if you don't use it. So you need to plan that out. It's more important with the FSA accounts that you plan that out and budget, whereas with the has, you don't need to plan as carefully because you can keep the money and use it anywhere down the road.

>> Brianne Burger: So there's no expiration for the has funds?

>> Jeremiah Thompson: No, until you withdraw the money.

>> Brianne Burger: Good to know! So we have another question about withdrawing money for nonmedical expenses. If you're withdrawing money for medical expenses, is there no penalty for that? Only for nonmedical?

>> Jeremiah Thompson: No. There is a tax and penalty both together.

Clarification on the question -- do you have to pay tax on the money you're taking out for nonmedical expenses.

>> Jeremiah Thompson: Right, so if you take out money for any nonmedical expense prior to 65, you pay both tax and the 10% penalty. But if you are over age 65, so that's sort of the magic number, after age 65, you no longer pay the 10% penalty. But you still pay income tax on that money, just no longer the 10% penalty.

>> Brianne Burger: Okay! Thank you.

So now, how do you know if your employer will contribute to the has? I know you mentioned on your slide that some agencies do contribute to the has? How would you find that out?

>> Stephanie Summers: You'd have to ask your HR rep about that. So each agency has their own policies, but you'd have to ask your HR rep to find that out.

>> Jeremiah Thompson: So far, I know for sure that NASA does, but other than that, I have not heard of other agencies that do. So if you know that your agency contributes, I would love to know. Let us know. So that's why I said, some others may, but I just don't know for sure. Again, check with your HR to find out if they contribute or not, if the agency contributes or not.

>> Brianne Burger: Previously, you mentioned Medicare A, B, and D, and that slide was missing C. So one person was asking "what happened to Part C?" So I went ahead and looked up on the .gov website and looked up what Part C is and shared with them, but basically Part C is private insurance or insurance offered from a private company.

>> Stephanie Summers: Correct.

>> Brianne Burger: So that's why it wasn't on the slide, because you weren't talking about private insurance. So I linked in the chat that private information. But did you have anything to add regarding that question?

>> Jeremiah Thompson: Right, you said it all. The reason why I didn't include is is because the options and the strategies available through Part C, the Advantage plans, are virtually endless. So we were just looking at A, B, and D, the federal plans. Part C, things get more complicated.

>> Stephanie Summers: Yeah, federal employees don't typically have to consider Part C.

>> Jeremiah Thompson: True.

>> Stephanie Summers: Because you already have your own health insurance benefits. So your health insurance benefits you currently get that you continue into retirement cover that.

>> Brianne Burger: We only have time for a couple more questions, so we're really past our time now, but let me ask this. Now, what is the IRMAA column for?

>> Stephanie Summers: The IRMAA column, that's for Medicare's -- that's their formula, so that's how Medicare calculates the premiums for that Part B premium. But it's just, it's their formula, how they make their calculations, and it's based on your levels of income. And those income levels, they're actually looking two years in the past for your income. So it's your federal tax stated income from two years prior.

So for example, say next year is 2023, so the basic is 1064.90. So they would look at the 2021 return in 2023. They'll look at that MAGI, the modified adjusted gross income, and they'll apply whatever that number is to the levels to figure out your monthly premium of how much you have to pay for Part B.

And so every two years, they'll look back and change that based on your MAGI from the previous two years.

>> Jeremiah Thompson: I'll add to that, too, remember, I mentioned we talked about do federal employees need Part B or not? That IRMAA Calculation really impacts that. Normally people with high income don't choose Part B because of IRMAA, but those with lower income might want to use Part B to supplement. So again, you have to factor that income in when you're determining whether or not it's a good idea to add Part B or not. Like I said, it really depends on the individual and their situation.

>> Brianne Burger: Okay, and I know we're running out of time. I'm trying to just fit in a couple questions -- I know there are several more here.

Okay, can you withdraw or take a loan from FEGLI life insurance? So to repeat the question, can you take a loan or withdraw from FEGLI?

>> Jeremiah Thompson: No, there's no cash value for FEGLI, Stephanie, am I right?

>> Stephanie Summers: Right, it's a term insurance, so there's no cash value in there.

>> Brianne Burger: Also, is FEGLI included -- is there disability insurance in FEGLI?

>> Stephanie Summers: No, that's separate.

>> Brianne Burger: And then there's a question about the FSA, the FSA FEDS. Does it run through March 15th of the following year, so 2013? Or December 31st? My experience with FSA FEDS is it starts from the calendar year, so January 1st to December 31st of the calendar year

>> Stephanie Summers: Right. It's one year, but you can carry over the funds for that extra 3 months until March 15th of the next year.

So if you calculate what you need for 2023, starting January 1st of 2013 until December -- until, I'm sorry, March 15th of 2024, that's how long you have to spend that money. So you can spend that money. It will take money out of your paycheck into the fund into the 31st. But you can take money out of that fund to spend until the following March 15th.

>> Brianne Burger: Oh, that explains it. Okay.

And can you explain the difference between FEGLI and WAPA? Are there any pros or cons to one over the other?

>> Jeremiah Thompson: Okay, WAPA is actually a private insurance company, FEGLI is federal coverage, so it's totally different.

>> Stephanie Summers: Right, it's private coverage.

>> Brianne Burger: So you don't need to then pay for private insurance if you have FEGLI through the government, although I guess that's an option that maybe some people want to explore.

>> Jeremiah Thompson: I mean, you could, if you have a good reason to do it, it depends on the individual. Just to give you one example, if you know you plan on leaving the federal service and you don't plan to work there until retirement, if you're going to leave in a few years, meaning you would lose FEGLI, maybe it's a good idea to have private insurance. But if you know that you're going to continue with the federal government, maybe you just want to stick with FEGLI.

Another reason is, you could choose private insurance because it's cheaper, depending on the coverage.

So that's why it's a good idea to use FEGLI's calculator online, and then you request a quote from different private insurance companies and make your comparison that way and see which is a better deal.

>> Brianne Burger: So we're really over time, but I do want to thank you both for doing this for us, and you're -- the financial literacy series has been so invaluable, and people have had nothing but good things to say about it and they want more. That's all we have until 2023, but we're so excited to bring this valuable information to this community and provide that to them.

And if you still want more additional information, want more webinars or general information, feel free to e-mail us at Deaf in Government and give us your ideas, what you'd like to see and what you would like us to host in 2023! Any last comments, any last words from the two of you?

>> Jeremiah Thompson: Well, I just want to thank you for giving us the opportunity to share these four webinars, and we hope to be able to do more in the future, so we'll see what comes.

>> Stephanie Summers: Yes, and I just want to say to everyone happy holidays and enjoy your holiday season!

>> Brianne Burger: Yes, definitely, happy holidays. And again, this PowerPoint and the transcript from the webinar will be posted on our website, deafingovernment.gov, and will be available there. We'll also have it on Facebook. You can rewatch this webinar on Facebook. We may also add it to YouTube as well. So you've got a few different places that you can view this and access this information. Thank you again for watching and thank you for your support. We also want to thank our sponsors for making everything happen this year. Thank you all again, and happy holidays!

(End of transcript).