

Understanding the Postal Service Health Benefits (PSHB) Program

A guide to PSHB and Medicare enrollment information

FOR U.S. POSTAL SERVICE EMPLOYEES,
ANNUITANTS AND ELIGIBLE COVERED
FAMILY MEMBERS



Background

The Postal Service Reform Act of 2022 (PSRA) was signed into law on April 6, 2022. Since then, the United States Postal Service® (Postal Service), in conjunction with the Office of Personnel Management (OPM), has been working to implement the new Postal Service Health Benefits (PSHB) Program as required under the new law.

PSHB:

- Is a new, separate program within the Federal Employees Health Benefits (FEHB) Program;
- Will be administered by OPM.

Coverage under the PSHB Program will be effective Jan. 1, 2025. You will be transitioned to a new plan within the PSHB Program if you are currently enrolled in an FEHB plan and a:

- Postal Service employee;
- Compensation on OWCP;
- Retiree (also known as an annuitant);
- Survivor of an annuitant; or
- Eligible covered family member.

You will have an opportunity to review PSHB plans and make a plan selection during Open Season (Nov. 11, 2024 through Dec. 9, 2024). If you do not make a plan selection during Open Season a comparable plan will be selected for you by OPM.

Become familiar with the PSHB plan options before Open Season so you can make the best choice for you and any covered family members.

Use this guide as a resource for understanding:

- Timelines for PSHB enrollment;
- How the PSHB Program integrates with Medicare; and
- Post-employment requirements to retain your PSHB plan coverage.





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POSTAL SERVICE HEALTH
BENEFITS SYSTEM (PSHBS)

Integration with Medicare

Medicare is a federal health insurance program for:

- People 65 years of age and older;
- Some people with eligible disabilities under age 65; and,
- People with end-Stage Renal Disease, which is permanent kidney failure requiring dialysis or a kidney transplant.

Unless you have a qualifying disability, Medicare enrollment typically does not happen until you reach age 65.

Annuitants

The PSRA is designed, in part, to promote Medicare integration. Beginning Jan. 1, 2025, the PSRA requires certain Medicare-eligible Postal Service annuitants to enroll in Medicare Part B to maintain their PSHB coverage in retirement.

After Jan. 1, 2025, annuitants who are enrolled in Medicare Part B must stay enrolled to keep PSHB coverage, unless an exception applies.

For Medicare-eligible annuitants, Medicare will be the primary payer for your eligible medical claims, and PSHB will be the secondary payer.

Enrollment in Medicare does not cancel your PSHB coverage or reduce the PSHB Program benefits that are available. PSHB and Medicare benefits will work together to provide coverage.

Individuals who are annuitants on or before Dec. 31, 2024, do not have the requirement to enroll in Medicare Part B to continue PSHB plan coverage.



Medicare and PSHB Coverage for Annuitants and Employees

If your status is ...	And you are ...	Then you are ...
annuitant on or before Dec. 31, 2024	entitled to Medicare Part A but not already participating in Medicare B	not required to enroll in Medicare Part B to keep your PSHB coverage, regardless of age.
annuitant on or before Dec. 31, 2024	already enrolled in Medicare B at the time of PSHB Program implementation	required to stay enrolled in Medicare Part B to continue coverage under PSHB, unless eligible for an exemption.
spouse of an annuitant who is already enrolled in Medicare Part B	entitled to Medicare Part A based on disability or age	required to enroll in Medicare Part B.
active employee who will be age 64 or older as of Jan. 1, 2025	N/A	not required to enroll while employed and not required to enroll in Medicare Part B to continue your PSHB health insurance coverage when you retire.
active employee who will be under the age of 64 as of Jan. 1, 2025	N/A	not required to enroll while employed, however you are required to enroll in Medicare Part B after you retire and become entitled to Medicare Part A, typically at age 65, unless you are eligible for an exemption.

Medicare Part A

Medicare Part A is hospital insurance.

It covers inpatient hospital care, skilled nursing facility care, nursing home care, home health care and hospice.

How to pay for Medicare Part A

Most people don't pay a premium for Part A because they or a spouse paid Medicare taxes long enough while working. If you or your spouse worked at least 10 years in Medicare-covered employment, you qualify for premium-free Part A coverage. Most Postal Service employees, annuitants and covered eligible family members are entitled to Medicare Part A at age 65 without additional cost. We advise you to enroll in Part A when you become entitled to Medicare Part A. Doing so can reduce your out-of-pocket expenses, and you've already paid for Medicare Part A throughout your career. When you are eligible for Medicare Part A, you can also make changes to your

PSHB health insurance because Medicare eligibility is a qualifying life event or QLE, which allows you to make changes to your coverage outside of Open Season. Once Medicare becomes the primary payer, you may find that a lower cost PSHB plan is adequate for your needs, especially if you are currently enrolled in a plan's high option. Also, some plans waive deductibles, coinsurance and copayments when Medicare is primary.

Note that you can enroll in Medicare Part A as an active employee, when you become eligible.

Medicare Part B

Medicare Part B is medical insurance.

It covers certain doctor services, outpatient care, preventive services and medical supplies.

There is a premium for Part B that most people pay monthly through their Social Security benefits payment. Medicare Part B covers most doctor and healthcare provider bills for office visits and some medical services and supplies.

If you are receiving Social Security benefits when you become eligible to enroll in Medicare Parts A and B, you will be automatically enrolled in Medicare Parts A and B. If you do not receive monthly Social Security benefit payments or your payments will not cover your Medicare Part B cost, you will be billed for your premiums.

How to pay for Medicare Part B

You are charged a monthly premium for Medicare Part B. For more information on Medicare Part B premium rates, visit www.medicare.gov/basics/costs/medicare-costs



For most annuitants, applicable Medicare premiums are deducted from Social Security benefits payments. While Postal Service annuitants will incur an additional premium for Medicare Part B coverage, the combination of Medicare Part B and a PSHB plan covers most doctor bills as well as medical services and supplies.

Some PSHB plans may eliminate the plan deductibles, copays and coinsurance for Medicare Parts A and B enrollees. Some PSHB plans may offer additional incentives, such as reimbursement for a portion of the Part B premium or lower copays for prescription drugs. Also, becoming eligible for Medicare is considered a Qualifying Life Event (QLE) and annuitants may be able to change to a lower-cost PSHB plan when enrolling in Medicare. In many cases, these savings may offset or even exceed the costs of Medicare Part B coverage for annuitants.

The premiums for Medicare are established annually by the Centers for Medicare & Medicaid Services (CMS). In addition to the established premium that you pay, you may be subject to a premium surcharge, also referred to as income-related monthly adjustment amount (IRMAA). More information regarding the IRMAA is provided later in this booklet.

Exceptions for PSHB Enrollment

There are a few exceptions to the Medicare Part B enrollment requirement under the PSHB Program. Postal Service annuitants and their family members may be responsible for providing proof of eligibility for the applicable exception(s) to the designated agency.

These exceptions are:

- Residing outside of the United States and its territories. You are required to follow the policy and procedure set forth by the Postal Service to be eligible for this exception. This exception requires that an annual certification be submitted to the Postal Service with proof of residency.
- Annuitants who are enrolled in healthcare benefits provided by the Department of Veterans Affairs.
- Eligibility for health services provided by the Indian Health Service.

Medicare Part C

Medicare Part C refers to the Medicare Advantage plans.

Medicare Advantage plans are Medicare-approved plans from a private company that offers an alternative to Original Medicare (Parts A and B) that provides health and drug coverage.

Medicare Advantage is the term used to describe the various Medicare-approved private health plan choices available to Medicare beneficiaries. Medicare Part C provides a variety of plan options.

Medicare Advantage Plans must cover all the services that Medicare Parts A and B cover. Most Medicare Advantage plans include Medicare Part D prescription drug coverage. More benefits that may be available with some Medicare Advantage plans include vision, hearing and dental coverage. In all types of Medicare Advantage plans, you're always covered for emergency and urgent care. You must have Medicare Parts A and B to enroll in Medicare Part C.

It's important to note that if you decide to carry Medicare Part C coverage, you do not need to be enrolled in a PSHB plan. If you choose to enroll in a Medicare Advantage plan, you can suspend your PSHB plan. Be sure to suspend your PSHB plan—don't cancel it. If you cancel your PSHB plan, you cannot get it back. If you suspend your PSHB plan, then you can pick it back up if your Medicare Advantage plan is discontinued or if you decide to cancel your Medicare Advantage plan enrollment during Open Season.

Before opting to select a privately offered plan through Medicare Part C, be sure to review the Medicare Advantage plans offered by the PSHB Program. PSHB plan offerings may mirror or provide greater coverage options.

Medicare Part D

Medicare Part D covers prescription medication.

It is a standalone prescription drug plan with Medicare that helps cover the cost of prescription drugs.

Medicare Part D will be included in all PSHB plans for Medicare eligible participants. You will not have to pay a separate premium for prescription coverage. Each PSHB plan will specify how your prescription coverage works in combination with Medicare Part D. You are encouraged to carefully review plan descriptions and formularies to understand how the cost you pay for prescribed medication may be impacted.

If you enroll in a Medicare Part D plan outside of the PSHB Program, you will pay a monthly premium.

As a reminder, the premiums for Medicare are established annually by CMS.

OPM issued a Notice of Proposed Rulemaking (NPRM) on May 24, 2024, proposing that Medicare-eligible individuals be automatically enrolled in Medicare Part D as part of their PSHB plan. Medicare-eligible individuals would be permitted to opt out of automatically receiving prescription drug coverage through the PSHB Medicare Part D plan. Under this proposal, if a Medicare-eligible PSHB participant opts out of or disenrolls from Medicare Part D coverage, they would NOT have access to prescription drug benefits through their PSHB plan, but may still enroll in a separate Medicare Part D plan or receive Medicare Part D coverage as a covered family member. An individual who opts out or disenrolls from the Medicare Part D Employer Group Waiver Plan (EGWP) would be allowed to enroll in Medicare Part D through the PSHB again during the next Open Season if they wish.

Income-Related Monthly Adjustment Amount

For some individuals, an IRMAA may be assessed. Individuals that exceed the established Modified Adjusted Gross Income (MAGI) must pay a surcharge for Medicare Parts B and D coverage. The IRMAA that you pay is determined by your filing status and MAGI, as reported on your IRS tax return from two years before the current year.

Medicare beneficiaries are notified in writing by the SSA if they are subject to IRMAA. Additionally, new beneficiaries have an opportunity to request a reduction of the IRMAA surcharge if there is a life-changing event that has impacted their household income. Examples of life-changing events include marriage, divorce or annulment, death of a spouse or

other major event, like work stoppage or reduction, loss of income-producing property, loss of employer pension or receipt of settlement payment from a current or former employer.

To find out how you may be impacted by an IRMAA go to www.ssa.gov/benefits/medicare/medicare-premiums.html#anchor2



Individuals enrolled in Medicare Part B and Part D are subject to an annual review for the IRMAA eligibility and the income thresholds also change annually.



Important Dates and Deadlines

Coverage under the new PSHB Program is effective Jan.1, 2025. Other important dates include the following:

When to Apply for Medicare

If your status is ...	And you ...	Then you ...
working when you turn age 65	working when you turn age 65	are required to enroll once you retire from the Postal Service.* Your initial enrollment period is up to 8 months from your retirement date. **
retired but not yet age 65	have health insurance through the Postal Service	are required to apply for Medicare Part A and B benefits during the Initial Enrollment Period.* Your initial enrollment period begins three (3) months prior to your birthday and ends three (3) months following your birth date.**
an annuitant age 65 or older	were Medicare eligible but not enrolled in Medicare Part B as of Jan. 1, 2024	may be eligible to participate in the Special Enrollment Period associated with the transition to the PSHB Program.

* If you are an annuitant on or before Dec. 31, 2024, regardless of age, you are not required to enroll in Medicare Part B in order to continue your PSHB coverage. If you meet the eligibility requirements for a Medicare enrollment exception, you are not required to enroll in Medicare Part B to continue your PSHB coverage.

** If you are required or opt to enroll in Medicare Part B, you must enroll during your initial enrollment period to avoid a late enrollment penalty.

PSHB Special Enrollment Period (SEP)

(April 1, 2024 – Sept. 30, 2024)

As part of the transition from FEHB coverage to PSHB coverage, some Postal Service annuitants who have not already enrolled in Medicare Part B may be eligible for a one-time PSHB SEP during which they may enroll in Medicare Part B and have the late enrollment penalty paid by the Postal Service.

If you are an annuitant entitled to Medicare Part A (typically at age 65) before Jan. 1, 2024, and not enrolled in Medicare Part B, you and your covered, Medicare eligible family members may be able to participate in the one-time PSHB SEP for Medicare Part B from April 1, 2024, to Sept. 30, 2024. Eligibility letters for the one-time PSHB SEP were mailed to annuitants and eligible family members in March 2024. All required information must be returned in the envelope provided and postmarked by Sept. 30, 2024.

The one-time PSHB SEP is NOT for annuitants already enrolled in Medicare Part B. In addition, the SEP does not cover any late enrollment penalties already assessed for existing Medicare Part B enrollees.

What happens if I don't enroll on time?

As an annuitant, if you miss your initial enrollment period (IEP), you will be assessed a late enrollment penalty (LEP). Failure to enroll may result in the loss of your PSHB health coverage. The late enrollment penalty is equivalent to 10 percent for every 12-month period past your initial enrollment period. The LEP is payable each month and added as an additional fee to your Medicare premium. There is no cap on the penalty amount that you may be assessed for LEP.

Key Dates to Remember

March 2024

Eligibility letters for the PSHB SEP were mailed to annuitants and eligible family members

April 1 – Sept. 30, 2024

PSHB SEP for Medicare Part B

Nov. 11 – Dec. 9, 2024

Open season. All annuitants participating in FEHB are required to select a PSHB plan

Jan. 1, 2025

New PSHB Program begins



Open Season

(Nov. 11, 2024 – Dec. 9, 2024)

All Postal Service employees, annuitants and their eligible family members who are enrolled in FEHB may select a PSHB plan during the Open Season period, which runs from Nov. 11, 2024 to Dec. 9, 2024. If an individual enrolled in an FEHB plan does not select a new plan, they will be automatically enrolled in a PSHB plan most comparable to the FEHB plan they are enrolled in at the time of implementation.

As part of the May 24, 2024 NPRM, OPM proposed additional clarifications on the process for automatic enrollment if participants do not choose a PSHB health insurance plan for 2025. OPM has proposed that participants who take no action during Open

Season would be automatically enrolled into a plan option offered by the same carrier that has equivalent benefits and cost-sharing to the FEHB plan option in which the postal employee or annuitant was enrolled in for the 2024 plan year. Should the carrier participate in PSHB but not offer an equivalent PSHB plan to the individual's FEHB plan, the participant will be enrolled in the PSHB option that is most similar to the 2024 FEHB option, as determined by OPM. If no such plan option is identified, the member will be automatically enrolled into the lowest-cost nationwide plan that is not a high deductible health plan and does not charge an association or membership fee.

Postal Service Health Benefits System (PSHBS)

A new enrollment platform, the Postal Service Health Benefits System (PSHBS) will be introduced for the 2024 Open Season. The PSHBS will be used specifically for health benefits enrollment. The new system will require a *login.gov* account. Visit *www.login.gov* for more information how to set up an account. Information on how to login and enroll will be provided to employees and annuitants before the 2024 Open Season period. Alternate methods of enrollment for the PSHB Program will also be provided.

Additional Resources



Annuitants

www.keepingposted.org



Employees

myhr.usps.gov



**PSHB Navigator Help
Line**

833-712-PSHB (7742)

You can also receive information and updates by signing up for our text messaging notifications by texting “PSHBP” to 39369.



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