Documenting Eligibility to Continue Federal Employees Health Benefits (FEHB) into Retirement

The single most common error encountered when the Office of Personnel Management (OPM) audits a retirement application is “the failure to fully document an employee’s Federal Employee’s Health Benefits coverage into retirement.”

Frequently, an employee has enrolled electronically and his or her form displays the new health plan and effective date of coverage. However, it will not contain the previous plan. In this situation, OPM is unable to accurately determine the employee’s full coverage history of five years prior to retirement. The Human Resources Specialist in this case can provide the following to document coverage:

- SF 2809
- SF 2810
- History reports from an on-line enrollment that shows both the old and new plans and the effective dates for the health plan change
- Copies of screen shots from on-line enrollments that reveal both the old plan and new plan, and the effective date for each change.
- Evidence of coverage as a family member under another’s FEHB enrollment.

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FERS – Further Revised Annuity Employees (FRAE)

On February 27, 2014, the Office of Personnel Management (OPM) distributed Benefit Administration Letter (BAL) number 14-102 dated January 30, 2014, which provides interim guidance for employees covered under the Federal Employees Retirement System (FERS) as Further Revised Annuity Employees (FRAE), FERS-FRAE.

Section 401 of the Bipartisan Budget act of 2013 signed into law on December 26, 2013, made an additional change to FERS; beginning January 1, 2014, new employees will pay a 1.3% increase in FERS contributions. This increase of 1.3% is in addition to the rates previously established for FERS Revised Annuity Employees (FERS-RAE). Although employees covered under FERS-FRAE pay an increased amount into the retirement fund, there is no difference in the FERS basic benefit paid to FERS, FERS RAE, and FERS-FRAE employees.

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The Federal Long Term Care Insurance Program™

www.ltcpeds.com

“FLTCIP is to protect assets and provides the quality of life and medical care received in later years.”

(Continued from page 1)

OPM is currently preparing guidance to assist in determining the correct retirement plan for employees who separated after coverage under FERS-RAE and who have returned to duty however, until this information is distributed, guidance listed in BAL 13-102 should be followed. If you would like to sign up and receive OPM’s BALs, please do so via the following link: http://listserv.opm.gov/wa.exe?INDEX

If you would like more information or have recommendations and/or general comments, please contact us at benefits@cpms.osd.mil.

Federal Long Term Care

A concern annuitants have is to outlive their savings or income in retirement. One of the major risks facing annuitants is escalating medical bills. We may be living longer; but need more medical care, or face the need to be placed in a nursing home or assisted living. Our health insurance, even when combined with Medicare, will not cover all medical expenses. This is where the Federal Long Term Care program (FLTCIP) comes in. If employees prepare early by purchasing a policy, they can offset the loss of his or her assets in retirement years due to a medical event. FLTCIP provides long-term care insurance to help pay for costs of care when enrollees need help with activities they perform every day (e.g. bathing, dressing, eating, transferring), or have a severe cognitive impairment, such as Alzheimer’s disease.

Most Federal and U.S. Postal Service employees and annuitants, active and retired members of the uniformed services, as well as their qualified relatives are eligible to apply for insurance coverage under the FLTCIP.

Most employees must be eligible for the FEHB Program in order to apply for coverage under the FLTCIP. It does not matter if they are actually enrolled in FEHB - eligibility is the key. Annuitants do not have to be eligible or enrolled in the FEHB Program. Certain medical conditions, or combinations of conditions, will prevent some people from being approved for coverage. You must apply to find out if you are eligible to enroll.

Types of care covered include:
• Nursing home, assisted living facility or hospice facility
• Bed reservations (60 days per calendar year)
• Home care and adult day care
• Respite services limited.
• Formal caregiver services
• Informal caregiver services

The pricing of an individuals plan can vary based on the election of coverage, age and duration of care. Major points that affect plan cost are (1) the daily benefit amount, (2) benefit period, and (3) having an inflation protection option. Each point can cause the price to very for each plan election.

FLTCIP is to protect assets and provides the quality of life and medical care received in later years. Family may not be able to care for employees or annuitants in their senior years, having prepared for the event of being placed in a nursing home, assisted living facility or in hospice care, can be offset the cost of care.

Note: Upon separation from service, retirees having FLTCIP premiums deducted by payroll deduction, will have to arrange for direct premium payments to FLTCIP, until final adjudication by OPM. Upon adjudication, the annuitant can have the bill deducted from their retirement income.

For more information about FLTCIP, please contact Long Term Care Partners at 1 800-582-3337, or visit www.ltcfeds.com.
Acceptable evidence of coverage under a family member’s FEHB is a copy of the family member’s SF 2809 or a statement of coverage letter from the FEHB insurance carrier.

- Evidence of TRICARE/CHAMPUS enrollment (including evidence of coverage as a family member)

A signed memorandum from the agency detailing the continuous coverage of the employee to prove the employee meets the five year requirement and was covered under FEHB on the retirement date (corroborating documentation showing payroll deductions for at least five years of service immediately before retirement should also be submitted)

If your screenshot of the employee’s on-line enrollment history does not reflect the old plan, you should contact the carrier(s) and obtain the necessary information. Ensure that you document the call and include that documentation. Lastly, you can submit sufficient payroll records to verify coverage during the five years of service immediately before retirement.

When an employee’s entire FEHB coverage history is submitted it often assists OPM in a future death case of the employee/annuitant in determining his or her prior spouse(s) or children.

Benefits Administration Letter 14-103 contains instructions for FEHB Information and Certification Memorandum (Attachment 1) and a template of the FEHB Information and Certification Memorandum.

**Survivor Benefit Court Orders**

Former spouses of CSRS/FERS employees and retirees may be awarded a survivor annuity due to a court order. This includes employees under CSRS/FERS who separate under a deferred annuity. This type of court order, also known as an apportionment order, can be issued by any State court, including the District of Columbia, Puerto Rico, Guam, the Northern Mariana Islands or the Virgin Islands and any Indian court. In connection with a court order, "former spouse" means a living person who was married for at least 9 months to an employee or retiree who performed at least 18 months of civilian service creditable under CSRS or FERS, and whose marriage to the employee or retiree was terminated prior to the death of the employee or retiree.

For the purposes of awarding a former spouse survivor annuity, the court order must state the former spouse's entitlement to a survivor annuity or direct an employee or retiree to provide a former spouse survivor annuity. However, the maximum combined total of all current and former spouse survivor annuities payable based solely on the service of an employee or former employee cannot exceed 55 percent of the annuity that otherwise would have been paid to the employee or retiree. Alternatively, the court order cannot exceed 50 percent if based on a separation under FERS or a separation under CSRS that occurred before October 11, 1962. Please note this maximum total does not include any benefits based on an election of an insurable interest annuity.

In addition, before any benefits can be paid to the former spouse, the former spouse personally or through a representative, must submit a written request to OPM and provide proper documentation so that OPM can establish the validity of the court order. A special form is not required.

For a detailed discussion of former spouse survivor benefits, see Chapter 74 of the CSRS FERS Handbook.
Did You know?

The end of year deadline for Flexible Spending Accounts (FSA) is upon us?

For Health Care FSA’s, the deadline for incurring expenses against your 2013 account balance was March 15, 2014. The deadline for submitting claims on those expenses is April 30th, 2014.

What items are reimbursable, aside from copays and dental/vision expenses?

Services and expenses eligible for reimbursement under the FSAFEDS Program are defined and categorized at the following link, https://www.fsafeds.com/fsafeds/eligibleexpenses.asp.

Lastly, how are claims submitted?

Claims can be submitted in two ways; via fax at 1-866-643-2245, or by the online claims process. Employees can open individual claims files and upload supporting documentation. An online claim typically provides for a faster adjudication time.

Q1) When will survivor benefits to my spouse end?

A2) Monthly payments to a surviving spouse generally continue for life unless your spouse remarries before age 55. If your spouse was married to you for at least 30 years, he or she can continue receiving benefits when there is a remarriage before age 55 occurring after January 1, 1995.

Reference: 5 CFR Section 843.304

Q2) Can I change my survivor benefit election after retirement?

A2) If it is within 30 days of your first regular annuity payment, you may file a new election in writing. You should send the election to: U.S. Office of Personnel Management Retirement Operations Center Post Office Box 45 Boyers, PA 16017.

Reference: 5 CFR Section 842.610 (a)

Q3) What is the order of Precedence for Lump Benefits?

A3) If a lump sum benefit is payable, it is paid to the first person eligible under the following order of precedence:

1. to the designated beneficiary;
2. if there is no such beneficiary, to the widow or widower;
3. if none of the above, to the child or children, with the share of any deceased child distributed among the descendants of that child;
4. if none of the above, to the parents in equal shares or the entire amount to a surviving parent;
5. if none of the above, to the executor or administrator of the estate; or if none of the above, to the next of kin as determined under the laws of the State where the retiree lived.

Reference: 5 U.S.C. 8424 (d)

Pending Legislation

H.R. 4193 was introduced by Rep. Darrell Issa (R-California) and referred to the House Oversight and Government Reform committee to automatically enroll new Federal employees in a more diverse, age-appropriate retirement fund rather than the safer “G” Fund (government securities) offering.

The bill also referred to as the Smart Savings Act, would change the default enrollment fund in the TSP for new hires from the G Fund to the Lifecycle (L) funds, designed to move investors to less risky portfolios as they near retirement. The L funds are composed of the L Income, L 2020, L 2030, L 2040 and L 2050.

On March 11, 2014, Government Ex-
Pending Legislation

(Continued from page 4)

Executive e-publication, reported; The Federal Retirement Thrift Investment Board (FRTIB), administrators for the Thrift Savings Plan (TSP), requested the legislation to switch the default fund from the G Fund to the lifecycle funds.

TSP started automatic enrollment for new hires in August 2010. The contribution rate was setup to be three percent of the new hires basic pay and the funds were allocated to the “G” fund unless they reallocated these funds to another plan. The G fund is the most non-aggressive or stable fund that TSP offers for investments.

As TSP states on their website each L Fund invests in a mix of the five individual TSP funds. The mix is chosen by experts based on each fund’s time horizon. The L Funds’ asset allocations are designed to achieve the highest expected rate of return for the amount of risk taken. If the time horizon is a long time from now, the L Fund will be more exposed to risky assets, i.e., stocks (C, S, and I Funds). As time horizons shorten, the allocations gradually shift toward less volatile Government securities and bonds (G and F Funds).

Government Executive reports also that the Employee Thrift Advisory Council, which advises the TSP board on investment policies and the plan administration endorsed the legislation after initially opposing.

The FRTIB requested a study to be conducted by a consulting firm to review the L Fund allocations. The FRTIB found that although automatic enrollment has increased TSP participation, new government hires under the age of 29 have too much money invested in the G Fund — likely a result of auto-enrollment’s G Fund default option.

When a comparison was conducted between the G fund and the L Income Fund although the G Fund produced steady growth of 0.18 percent up to 2.03 percent over the last 12 months the L fund as of February gained 1.15 percent. As Government Exec reports; L2020 = 2.73 gained 3.44 percent; L2040 was up 3.94 percent; and L 2050 saw a 4.44 percent boost.

The bill will likely bring comments regarding possible risky investing in more aggressive plans and questions on why the government has to elect for new hires instead of them taking their own future into their hands. Stay tuned!

Class Picture(s)

Course: ABW Date: April 1-4 Location: Ft. Riley, KS
Understanding the Difference Between Three Compensation Programs

There are three primary compensation programs available to Federal employees. They are Federal Disability Retirement benefits under Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) from the U.S. Office of Personnel Management (OPM); Social Security Disability Insurance (SSDI); and the Office of Workers’ Compensation Programs (OWCP) administered under the Federal Employees’ Compensation Act (FECA). Each compensation program has its own criterion.

Federal Disability Retirement is a benefit afforded to all Federal Employees under the Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS). For CSRS employees, you must have a minimum of five (5) years of service. For FERS employees, you must have a minimum of 18 months of service. In addition to service requirements, eligibility under both CSRS and FERS, hinges on a medical condition that prevents the Federal employee from performing at least one or more of the essential elements of a particular kind of job.

Social Security Disability Benefits, by contrast, are governed by rules of the Social Security Administration (SSA). Within this program, one is eligible and considered disabled by meeting three basic components; all are necessary for qualification and are conjunctive, not disjunctive:

- The applicant for Social Security Disability cannot perform the work that he or she did before,
- It is determined that the applicant cannot adjust to other work because of the medical condition(s), and
- The medical disability has lasted, or is expected to last, for at least one year, or will result in death.

In many denials of Social Security Disability applications, the SSA will specifically state the reason for denial. However, the main difference, between Social Security disability and disability provided through the Civil Service, is the criteria to obtain Social Security Disability are much higher. Obtaining disability retirement under CSRS or FERS, the critical criterion is the disability preventing the employee from performing one or more of the essential elements of a particular kind of job.

Under Federal Employees’ Compensation Act (FECA), all kinds of injuries, including diseases caused by employment, are covered if they occur in the “performance of duty”. Nevertheless, benefits cannot be paid if the injury or death is:

(a) Caused by willful misconduct of the injured employee,
(b) Intent to bring about the injury or death of oneself or another, or
(c) The intoxication of the injured employee.

Thus, causality-the relationship between what happens and its cause-is an issue. Whether the individual suffered the medical condition or acquired the occupational disease in the performance of duty, and how that performance of duty is defined (i.e., was he on his way to work, in a government vehicle, on his lunch hour, on premises or off premises, on his way as an official agent while off premises, etc.).
Reconsiderations: FEHB and FEGLI

Tile 5 Code of Federal Regulations (CFR) Parts 870.105 and 890.104, for the Federal Employees Group Life Insurance (FEGLI) and Federal Employees Health Benefits programs, respectively, provide opportunity for independent review of an agency’s decision regarding an employee’s FEHB or FEGLI request. The review, formally termed Reconsideration, looks at the initial decision to see that the Agency has followed and applied program regulations appropriately in rendering its decision.

For FEGLI, reconsideration concerns agency denial of (1) coverage, (2) the opportunity to change coverage, (3) the opportunity to designate a beneficiary, or (4) the opportunity to assign coverage. For FEHB, reconsideration concerns agency denial of (1) coverage or (2) change of enrollment. However, the Agency does not conduct the reconsideration nor can it deny its request. The employee initiates the reconsideration process after receiving the Agency’s decision in writing and the matter is reviewed at an independent level of review (reconsideration) by the appropriate agency or retirement system.

Within the Department of Defense, the Benefits and WorkLife Programs Division (BWLP) of Defense Civilian Personnel Advisory Service (DCPAS) conducts the independent level of review. Upon receiving the request for Reconsideration from the employee as well as all pertinent information, BWLP has 30 days from date of receipt to provide a decision on the matter. All decisions rendered by BWLP are final.

All requests for Reconsideration are written requests. The requests must include the employee’s name, address, date of birth; the reason(s) for the request; and a copy of the initial decision. For FEHB Reconsideration, the name of the carrier is also included with the requests.

Once all information is received, BWLP has 2 weeks from the date of receipt to determine if the Agency has properly applied the law and regulation in making the initial decision. In addition, the reconsideration is the employee’s final level of administrative review for enrollment decisions under the FEHB as well as enrollment and election decisions under FEGLI. The decision is final.

Requests may be sent via mail or fax. The mailing address for Reconsiderations is Defense Civilian Personnel Advisory Service, Benefits and Worklife Programs Division, ATTN: DOD Insurance Officer, 4800 Mark Center Drive, Suite 05G21, Alexandria, VA 22350-1100. The fax number is (571) 372-1661.

Upcoming Benefits Training

**Advanced Benefits Workshop**

- **May 20-23, 2014**
- **Time:** 8:00 am to 4:00 pm
- **Place:** Mark Center-Alexandria, VA

**Basic Benefits Course**

- **June 17-21, 2014**
- **Time:** 8:00 am to 4:00 pm
- **Place:** Mark Center-Alexandria, VA

DoD Personnel Click Here to Register