



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT  
Washington, DC 20415

The Director

March 4, 2008

The Honorable Nancy Pelosi  
Speaker of the House of Representatives  
Washington, D.C. 20515

Dear Madame Speaker:

The Office of Personnel Management (OPM) is submitting the enclosed legislative proposal entitled the "Federal Employees Short-term Disability Security Act of 2008." We request that it be referred to the appropriate committee for prompt and favorable consideration.

This proposal would provide Federal agencies with an additional benefit that we believe better meets the needs of employees in the 21<sup>st</sup> century. It provides for a short-term disability insurance (STDI) program available for all employees to join on a voluntary basis. A primary goal for offering this new voluntary benefit program is to ensure there is an opportunity for employees, particularly new employees, to obtain additional income protection for recovery from accidents or illnesses or for maternity purposes. We believe this new program will make Federal employment an even more attractive option for new recruits.

The STDI program would safeguard Federal employees during their temporary inability to perform normal occupational duties because of a non-work related disability. There is no Government contribution toward premiums under this proposal. However, employees would be eligible to purchase short-term disability insurance coverage with premiums based on group coverage which will help to keep the premiums affordable.

Currently, Federal employees are not covered by short-term disability insurance. This proposal would ensure employees have the opportunity to obtain insurance which will provide partial income replacement during their temporary time away from work. This coverage would be especially beneficial to new employees who have not had sufficient time in service to accrue a bank of leave. The proposal also leverages the size of the Federal population which would benefit employees who choose to purchase short-term disability insurance coverage at group rates.

In summary, we believe this proposal will make the Federal Government more competitive in the employment marketplace by allowing employees the opportunity to enhance their financial protections whether due to planned maternity or due to unexpected illness or injury.

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The Office of Management and Budget advises that there is no objection to the submission of this proposal from the standpoint of the President's program.

A similar letter is being sent to the President of the Senate.

Sincerely,



Linda M. Springer  
Director

Enclosures

## **A BILL**

To provide for a voluntary short-term disability insurance program for Federal employees.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### **SECTION 1. SHORT TITLE.**

This Act may be cited as the “Federal Employees Short-term Disability Security Act of 2008”.

### **SEC. 2. PURPOSE.**

The purpose of this Act is to provide income protection against short-term disabilities for Federal employees by granting the Director of the Office of Personnel Management authority to offer voluntary short-term disability insurance.

### **SEC. 3. SHORT-TERM DISABILITY INSURANCE.**

(a) Title 5, United States Code, is amended by adding after chapter 87 the following new chapter:

#### **“CHAPTER 88—SHORT-TERM DISABILITY INSURANCE**

“Sec.

“8801. Definitions.

“8802. Availability of insurance.

“8803. Contracting authority.

“8804. Financing.

“8805. Extended coverage.

“8806. Preemption.

“8807. Studies, reports, and audits.

“8808. Jurisdiction of courts.

“8809. Administrative functions.

“8810. Cost accounting standards.

#### **“§8801. Definitions**

“For purposes of this chapter—

“(1) the term ‘Director’ means the Director of the Office of Personnel Management;

“(2) the term ‘employee’ means an individual who is an employee as defined by section 8901(1), but does not include an individual employed by the government of the District of Columbia.

“(3) the term ‘carrier’ means an insurance company that is licensed to issue disability insurance in all States, taking into account any subsidiaries or affiliates of such a company; and

“(4) the term ‘State’ includes the several States and the District of Columbia.

**“§8802. Availability of insurance**

“(a) The Director of the Office of Personnel Management shall establish and administer a program to make available short-term disability insurance coverage under this chapter for a disability not covered under chapter 81.

“(b) Short-term disability insurance shall be offered under this chapter as basic coverage and extended coverage, which may be obtained by each employee, at the expense of that individual.

“(c) In addition to the requirements otherwise applicable under section 8801(3), a short-term disability insurance contract under this chapter must be fully insured, whether through reinsurance with other carriers, or otherwise.

**“§8803. Contracting authority**

“(a) The Director shall, without regard to section 5 of title 41 or any other statute requiring competitive bidding, contract with one carrier for a policy or policies of short-























