



***Retirement and Insurance Service
Benefits Administration Letter***

Number: 01-213

Date: July 18, 2001

**Subject: Federal Employees Health Benefits (FEHB) Program: Postponement of
January 1 Effective Date for Open Season Elections**

PURPOSE

The purpose of this letter is to advise Federal agencies that we are **postponing for one year** the final FEHB regulations that would change the effective date of open season elections to January 1.

BACKGROUND

On August 31, 1998, we published proposed FEHB regulations in the Federal Register (63 FR 46180) that would change the effective date of all open season elections to January 1 of the next year. We postponed issuing final regulations due to comments received from several agencies.

We announced our intent to proceed with these final regulations in Benefits Administration Letter 01-209, dated April 19, 2001. Since some agency payroll offices could automatically prorate withholdings and contributions when January 1 was not at the beginning of a pay period and others could not, we did not require proration. This policy raised concerns about inequitable treatment of enrollees and insurance carriers. Due to these concerns, we must postpone issuing the final rule for another year.

2001 OPEN SEASON

For the upcoming open season (November 12 through December 10, 2001), all open season elections will continue to take effect on the first day of the first pay period beginning in January. For most agencies, this will be January 13, 2002.

<i>Civil Service Retirement System</i>	<i>Federal Employees' Group Life Insurance Program</i>	<i>Federal Employees Health Benefits Program</i>	<i>Federal Employees Retirement System</i>	<i>Long Term Care Insurance Program</i>
--	--	--	--	---

MANDATORY PRORATION TO BEGIN JANUARY 1, 2003

We plan to issue final regulations in time for the November-December 2002 open season that will make all open season elections effective January 1, **beginning with January 1, 2003. We will also require all agencies to prorate withholdings and contributions** when January 1 is not at the beginning of a pay period.

Under current law, new premiums go into effect at the beginning of the first pay period in January; however, modifications to your system should also accommodate new premiums becoming effective January 1. It is important that you program your system so that it is flexible enough to prorate either current year rates or new contract year rates. We believe that delaying our regulations for one year will give all agencies enough time to make their systems capable of proration. Agencies whose systems do not have the capability to prorate should begin now to work toward meeting this requirement.

We apologize for any inconvenience this change may have caused your agency. If you have any questions, please contact Barbara Myers at (202) 606-0004 or bdmyers@opm.gov.



Abby L. Block
Assistant Director
for Insurance Programs