
FEHB Program Carrier Letter

All Carriers

U.S. Office of Personnel Management
Office of Insurance Programs

Letter No. 2001-22

Date: July 18, 2001

Fee-for-service [17] Experience-rated HMO [20] Community-rated [21]

Subject: Postponement of January 1 Effective Date for all Open Season Elections

PURPOSE

The purpose of this letter is to let you know 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 delayed issuing final regulations due to the comments we received.

We announced our intent to proceed with these final regulations in Carrier Letter 2001-14, dated May 1, 2001. Since some Federal agencies 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.

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 we are instructing agencies to begin now to work toward making their systems 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 achieve this capability.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Abby L. Block". The signature is fluid and cursive, with a long horizontal stroke at the end.

Abby L. Block
Assistant Director
for Insurance Programs

