
FEHB Program Carrier Letter

All Carriers

U.S. Office of Personnel Management
Healthcare and Insurance

Letter No. 2015 - 16

Date: September 17, 2015

Fee-for-service [] Experience-rated HMO [] Community-rated HMO []

Subject: Federal Employees Health Benefits (FEHB) Program: Self Plus One Final Rule Released

The U.S. Office of Personnel Management issued a final rule on September 17, 2015 to amend the Federal Employees Health Benefits (FEHB) Program regulations to include the new Self Plus One enrollment type. The final rule amends FEHB regulations to comply with provisions of the 2013 Bipartisan Budget Act.

This Carrier Letter highlights several important aspects of the final rule, including:

- First opportunity to elect Self Plus One
- Limited Enrollment Period
- Definition of increase and decrease enrollment
- Qualifying Life Events (QLEs) that provide opportunities to increase and/or decrease enrollment
- QLEs that provide opportunities to switch a covered family member
- Application of the 31 day extension of coverage
- Rates and rate-setting

First opportunity to elect Self Plus One

The Self Plus One enrollment type will be available beginning plan year 2016. Enrollees will be able to select a Self Plus One enrollment type during the 2015 Open Season for effective dates in January of 2016.

Limited Enrollment Period

Given that the addition of a new enrollment type is a change of unprecedented proportion in the FEHB Program, OPM has amended §892.207(d) in the final rule to include an additional Limited Enrollment Period to be held in early 2016. OPM will allow certain enrollment changes to be made during the Limited Enrollment Period that will run from February 1, 2016 until February 29, 2016. This Limited Enrollment Period is intended to allow individuals who miss Open Season and want to change their enrollment from Self and Family to Self Plus One. It will not apply to annuitants and other individuals who do not participate in premium conversion because they may decrease their enrollment at any time. **The Limited Enrollment Period is not an extension of Open Season. Enrollees will be encouraged to utilize Open Season to select the appropriate coverage for themselves and their family for plan year 2016.**

The following applies to changes made during this Limited Enrollment Period:

- Only for employees enrolled in Self and Family.
- Only those who participate in premium conversion will be allowed to decrease enrollment to Self Plus One (others may decrease enrollment at any time) using the Limited Enrollment Period QLE code.
- Decreases in enrollment to Self Plus One will be the only allowed enrollment changes.
- No changes in plans, no option changes, no increases or other decreases in enrollment will be allowed.
- All enrollment changes will be prospective to the first day of the first pay period following the one in which the change is requested.
- QLE code 1Z will be utilized to initiate a change during the Limited Enrollment Period.

Definition of increase and decrease enrollment

The final rule implements the following definitions for the terms “decrease enrollment type” and “increase enrollment type”:

- **Decrease enrollment type** means a change in enrollment from Self and Family to Self Plus One or to Self Only, or a change from Self Plus One to Self Only.
- **Increase enrollment type** means a change in enrollment from Self Only to Self Plus One or to Self and Family, or a change from Self Plus One to Self and Family.

QLEs that provide opportunities to increase and/or decrease enrollment

The final rule allows individuals with a Self Plus One enrollment to make enrollment changes during Open Season and consistent with the guidelines for current FEHB QLEs. The following chart summarizes when enrollment changes maybe allowed. Definitions for each of the event codes can be found on the SF2809 at http://www.opm.gov/forms/pdf_fill/sf2809.pdf.

For Enrollees Participating in Premium Conversion	
Change	<u>Permitted</u> for the following event codes
Increase enrollment	1B, 1C, 1E, 1F, 1I, 1J, 1K, 1M, 1N, 1O, 1R
Decrease enrollment	1B, 1C, 1E, 1F, 1G, 1H, 1J, 1M, 1N, 1O, 1P, 1Q, 1R

For Annuitants (decreases in enrollment type are allowed at any time)	
Change	<u>Permitted</u> for the following event codes
Increase enrollment	2A, 2B, 2F, 2G, 2H, 2I, 2J, 2K

For Former Spouses Under the Spouse Equity Provision (decreases in enrollment type are allowed at any time)	
Change	<u>Permitted</u> for the following event codes
Increase enrollment	3B, 3C, 3F, 3G, 3H, 3I

For Temporary Continuation of Coverage (TCC) for Eligible Former Employees, Former Spouses, and Children (decreases in enrollment type are allowed at any time)	
Change	<u>Permitted</u> for the following event codes
Increase enrollment	4A (for eligible former employees only), 4B, 4C, 4D, 4F, 4G, 4H

For Employees Not Participating in Premium Conversion (decreases in enrollment type are allowed at any time)	
Change	<u>Permitted</u> for the following event codes
Increase enrollment	5B, 5C, 5D, 5E, 5F, 5G, 5H, 5I, 5J, 5N

QLEs that provide opportunities to switch a covered family member

The final rule provides enrollees with limited opportunities to switch their covered family member during the annual Open Season and outside of Open Season upon experiencing a change in family status, a change in coverage, or a change in eligibility. Switching a covered family member may be allowed based on the QLEs outlined in the following chart. Definitions for each of the event code can be found on the SF2809 at: http://www.opm.gov/forms/pdf_fill/sf2809.pdf.

For Enrollees Participating in Premium Conversion	
Change	<u>Permitted</u> for the following event codes
Switch covered family member under a Self Plus One enrollment	1B, 1C, 1I, 1J, 1M, 1N, 1O, 1P, 1Q, 1R

For Annuitants	
Change	<u>Permitted</u> for the following event codes
Switch covered family member under a Self Plus One enrollment	2A, 2B, 2F, 2G, 2H, 2I, 2J

For Former Spouses Under the Spouse Equity Provision	
Change	<u>Permitted</u> for the following event codes
Switch covered family member under a Self Plus One enrollment	3B, 3C, 3F, 3G, 3H, 3I

For Temporary Continuation of Coverage (TCC) for Eligible Former Employees, Former Spouses, and Children	
Change	<u>Permitted</u> for the following event codes
Switch covered family member under a Self Plus One enrollment	4B, 4C, 4D, 4F, 4G, 4H

For Employees Not Participating in Premium Conversion	
Change	<u>Permitted</u> for the following event codes
Switch covered family member under a Self Plus One enrollment	5B, 5C, 5F, 5G, 5H, 5I, 5J, 5N

The final rule clarifies that switching a covered family member must be consistent with the QLE experienced.

For example, if an enrollee has a spouse and a child, but only covers his or her spouse with a Self Plus One enrollment, in the event that the enrollee and spouse are divorced, the enrollee may choose to stay in Self Plus One and switch his or her covered family member to terminate their spouse's coverage and add their eligible child to the enrollment. However, if an enrollee covers a spouse under a Self Plus One enrollment and then has a child, the enrollee would be allowed to increase to Self and Family to cover all of his or her eligible family members, but not to switch from covering his or her spouse to covering his or her new child under a Self Plus One enrollment. In both of these scenarios, QLE code 1C may permit these changes if they are consistent with the QLE experienced. Note that in the first example, the designated family member is no longer legally eligible to be covered under an FEHB enrollment as a family member as a result of the divorce. Thus, switching a covered family member is consistent with the QLE experienced. However in the second example, the eligibility of the spouse has not changed. Therefore, terminating or cancelling the spouse's coverage in order to cover the eligible child, based solely on the birth of the child, is not a change consistent with the QLE experienced.

To clarify effective dates for switching a covered family member, 5 CFR §892.207(b) has been updated in the final rule. Enrollment changes made under §892.207 are, in general, effective on the first day of the first pay period following the one in which the appropriate paperwork is received by the employing office. In addition, paragraph (f)(2) has been added to §890.302 in the final rule to specify that the effective date for switching a covered family member will be prospective. Like other enrollment changes based on QLEs, enrollees will have from 31 days before until 60 days after the QLE to make their enrollment change.

Enrollees will need to complete a Standard Form (SF) 2809 to switch a covered family member although their enrollment code will not change. Carriers cannot switch a covered family member without a SF 2809. OPM is coordinating with electronic enrollment systems government-wide to implement this change.

Application of the 31-day extension of coverage

Switching a covered family member may occur as the result of either a termination or a cancellation. Eligibility for the 31-day extension of coverage is provided under 5 CFR 890.401(a)(1) for covered family members whose coverage is terminated other than by cancellation of the enrollment or discontinuance of the plan, in whole or in part. For covered family members, terminations are typically based on a loss of eligibility such as, in the case of a child, turning age 26; or, in the case of a spouse, a divorce. When an enrollee switches a covered family member due to a termination, the family member whose enrollment has been terminated is eligible for the 31-day extension of coverage.

Cancellation is typically a voluntary election to no longer be covered under an FEHB plan. For example, when a designated family member becomes eligible for other group coverage, the enrollee may elect to cancel FEHB coverage for that family member and designate another eligible family member under the Self Plus One enrollment. When an enrollee switches a covered family member due to a cancellation, the family member whose coverage has been cancelled is not eligible for the 31-day extension of coverage.

Rates and rate-setting

The final rule does not set differentials between enrollment tiers, nor does it impose caps on premium growth. Under the three tier system, carriers will set rate differentials between tiers that are appropriate for the population they will be covering, just as they do under the two tier system. The 2015 Self and Family headcount will be used to calculate the weighted average for both the 2016 Self Plus One and Self and Family tiers. The weighted average for Self Plus One will be based on the 2016 Self Plus One premiums and the 2015 Self and Family headcount.

Additional guidance is forthcoming on these and other topics. For follow up questions, please contact selfplusone@opm.gov.

Sincerely,

John O'Brien
Director
Healthcare and Insurance