
FEHB Program Carrier Letter

All Carriers

U.S. Office of Personnel Management
Healthcare and Insurance

Letter No. 2016-01

Date: January 12, 2016

Fee-for-service [1] Experience-rated HMO [1] Community-rated HMO [1]

Subject: Federal Employees Health Benefits (FEHB) Program: Enrollment Options Following the Termination of a Plan or Plan Option Final Rule Published

The U.S. Office of Personnel Management (OPM) issued a final rule on October 28, 2015 to amend the Federal Employees Health Benefits (FEHB) Program regulations regarding enrollment options following the termination of a plan or plan option. The final rule became effective on January 1, 2016.

When a plan or plan option in the FEHB Program terminates, OPM provides the enrollees of that plan or plan option a time period in which they may elect to enroll in a new plan or plan option. The final rule clarifies the actions that OPM and employing agencies may take when an enrollee fails to make an enrollment election during the time period provided.

The final rule does not alter OPM's standard practice of announcing, in advance of the annual Open Season, any plans and plan options that intend to leave the FEHB Program in the following plan year. Nor does it alter OPM's practice of notifying enrollees in a timely fashion of a plan or plan option that leaves the FEHB Program mid-plan year. In addition, enrollees will continue to receive notification from their carriers.

In general, the final rule allows OPM and employing agencies to automatically enroll individuals who do not make an enrollment election during the allotted time period into one of the following:

in the event of a plan option termination, the lowest cost remaining plan option provided by the same carrier that is not a High Deductible Health Plan (HDHP); or, in the event of a plan termination, into the lowest cost nationwide plan available. The final rule does not alter current standard practice to enroll individuals into the enrollment type (Self Only, Self Plus One, or Self and Family) that the enrollee carried before the plan or plan option terminated. If enrollees learn of a plan or plan option termination and determine that they do not want to continue FEHB coverage, the decision to cancel should be documented in Part F of the Standard Form (SF) 2809.

Any automatic enrollments made by agencies or retirement offices based on this final rule will use QLE code 1O for employees participating in premium conversion, 2H for annuitants, 3H for former spouses, 4G for TCC enrollees, or 5H for employees not participating in premium conversion. For any automatic enrollment resulting from a plan or plan option terminating at the end of the plan year, employing offices will process enrollments so that they are effective on the same day as an Open Season enrollment to avoid any gaps in coverage. For any automatic enrollment resulting from a plan or plan option terminating other than at the end of the plan year, OPM will provide guidance on processing enrollments to avoid gaps in coverage.

The final rule provides a definition of the term “lowest-cost nationwide plan option” in §890.301(n). This plan option will not be a High Deductible Health Plan (HDHP) nor will it be an option from a plan that requires an additional membership or association fee. OPM will determine and announce the lowest cost nationwide plan option on an annual basis. OPM reserves the right to designate an alternative plan for automatic enrollments if needed.

For plan year 2016, the lowest-cost nationwide plan is the GEHA standard option. In subsequent years, OPM will announce the lowest-cost nationwide plan during the Open Season rollout when rates for the following year are publically released.

The final rule provides annuitants who are involuntarily enrolled into the lowest-cost nationwide plan due to a plan or plan option termination with an opportunity to prospectively change their enrollment within 90 days. Belated enrollment opportunities are only available to both employees and annuitants who are automatically enrolled into the lowest-cost nationwide plan as a result of a plan termination due to a disaster.

The following chart illustrates indicates new procedures for both employees and annuitants following the adoption of the final rule. Conforming edits have also been made to Section 890.806 for former spouses and Section 890.1108 for enrollees in temporary continuation of coverage.

| New procedures, following the adoption of the final rule | |
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| Employees | In the event of a <u>plan option termination</u> , the employing agency enrolls the employee in the lowest cost remaining plan option that is not an HDHP. |
| | In the event of a <u>plan termination</u> , the employing agency enrolls the employee in the lowest cost nationwide plan, as determined by OPM. |
| Annuitants | In the event of a <u>plan option termination</u> , the retirement office enrolls the annuitant in the lowest cost remaining plan option that is not an HDHP. |
| | In the event of a <u>plan termination</u> , the retirement office enrolls the |

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| | annuitant in the lowest cost nationwide plan, as determined by OPM. |
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The final rule also updates outdated language in Sections 890.301 and 890.306 that only consider the termination of a plan option under a plan with a total of two plan options. Since 2004 (69 FR 31721), OPM has allowed up to three plan options under a plan. Under the final rule, when more than one plan option remains after a plan option is terminated, the employing office will enroll the employee in the lowest-cost remaining plan option that is not an HDHP.

If you have any additional questions, please contact Chelsea Ruediger at Chelsea.Ruediger@opm.gov.

Sincerely,

John O'Brien
Director, Healthcare and Insurance