



United States
Office of Personnel Management
Retirement and Insurance Service

Benefits Administration Letter

Number: 98-209

Date: December 18, 1998

Subject: Federal Employees' Group Life Insurance: Public Law 105-311 - Foster Children and Miscellaneous Updates

GENERAL INFORMATION

Background

Pub. L. 105-311, Federal Employees Life Insurance Improvement Act, enacted October 30, 1998, made numerous changes to the Federal Employees' Group Life Insurance (FEGLI) Program.

These changes include the coverage of foster children under Option C, the elimination of the maximums under Basic and Option B, the election of unreduced Option B and Option C at retirement, the portability of Option B, direct payment of premiums, and the availability of increased coverage under Option C. The new law also requires OPM to conduct an open enrollment period for FEGLI.

Purpose

The purpose of this Benefits Administration Letter (BAL) is to provide detailed guidance regarding the coverage of foster children under Option C.

This BAL also discusses the elimination of the maximums under Basic and Option B, the effective date of the Option B and C changes, the establishment of a FEGLI Hotline, and the revised dates for the upcoming open enrollment period.

FOSTER CHILDREN

*Civil Service
Retirement
System*

*Federal Employees
Group Life
Insurance*

*Federal Employees
Health Benefits
Program*

*Federal Employees
Retirement
System*

What Changed?

Prior to the enactment of Pub. L. 105-311, foster children were not eligible as family members under Option C coverage. The new law changes the definition of “family member” to include foster children, if they live with the employee (or annuitant) in a regular parent-child relationship.

The change was effective October 30, 1998.

What Are the Requirements for a Foster Child’s Eligibility?

The requirements for a foster child to be eligible for coverage under Option C are the same as those for a foster child to be covered under the Federal Employees Health Benefits (FEHB) Program.

These requirements are:

- The child must be unmarried and under the age of 22 (if the child is over age 22, he/she must be incapable of self-support because of a disabling condition that started before age 22);
- The child must be living with the employee;
- The parent-child relationship (see definition below) must be with the employee, not the biological parent;
- The employee must be the primary source of financial support for the child; and
- The employee must expect to raise the child to adulthood.

A child placed in an employee’s home by a welfare or social service agency under an agreement where the agency retains control of the child or pays for maintenance does not qualify as a foster child.

What Is Meant by a Parent-Child Relationship?

A “regular parent-child relationship” means that the employee is exercising parental authority, responsibility, and control over the child by caring for, supporting, disciplining, and guiding the child, including making decisions about the child’s education and health care.

NOTE: There is no prohibition against a foster child’s biological parent living in the employee’s home. Nor is there any prohibition against a biological parent providing some financial support. However, the parent-child

relationship must be with the employee, and the *primary* source of support must be the employee.

What about Grandchildren?

Grandchildren, as such, are not eligible family members. However, grandchildren can qualify as foster children if all the requirements are met. This means the grandchild must be living with the employee; the employee must be the primary source of financial support for the grandchild; the parent-child relationship must be with the employee, not with the biological parent; and the employee must expect to raise the grandchild to adulthood.

What Does an Employee Have to Do to Get a Foster Child Covered?

An employee must sign a certification (sample attached) stating that the foster child meets all the requirements and stating that he/she will notify the employing office if the child marries, moves out of the home, or stops being financially dependent on the employee.

What Happens If the Foster Child Moves out of the Employee's Home to Live with a Biological Parent?

If the foster child moves out of the employee's home to live with a biological parent, that child loses eligibility under Option C (as well as under FEHB).

That child cannot again be covered as a foster child unless the biological parent dies, is imprisoned, or becomes unable to care for the child due to a disability, or unless the employee obtains a court order taking parental responsibility away from the biological parent.

What Do Agencies Have to Do?

Agencies must notify employees of the eligibility requirements for covering a foster child under Option C. We have attached a sample notice to employees.

If an agency has already made a determination of eligibility for a foster child's coverage under the FEHB Program, no additional certification is required. Exception: if the employee does not have Option C and wishes to elect it because of acquiring a foster child, he/she will have to complete a new certification, as discussed below.

What if an Eligibility Determination Hasn't Been Made Yet?

If an eligibility determination has not yet been made, an employee who has a foster child can request the certification form from the agency, so that eligibility can be

established.

When a claim is filed upon the death of a foster child, the agency must verify that it has determined eligibility for the foster child. If there is no certification on file at the time of a foster child's death, the agency will have to obtain the certification from the employee before the Office of Federal Employees' Group Life Insurance can pay the claim.

Is Having a Foster Child Considered a Life Event?

Acquiring a foster child is a life event that allows an employee to elect Option C (or to increase the multiples of Option C, once that provision of the law becomes effective). The same 60-day time limit for making the election applies as for acquiring any other eligible family member.

HOWEVER, a child may be in an employee's home awhile before the employee decides that he/she is going to raise the child to adulthood, or that he/she is going to be supporting the child on an ongoing basis - in other words, before the requirements for the child's eligibility are met. Therefore, *the 60-day time frame for electing Option C will begin on the day the employee completes the certification form.*

Option C coverage will become effective on the later of:

- the date the employing office receives the SF 2817 (if it is received within 60 days after the employee completes the certification), or
- the date the employing office receives the certification (if the employee submitted the SF 2817 before the certification).

NOTE: While an employee who already has a foster child certification on file for FEHB coverage doesn't have to complete a new certification for FEGLI, a new certification *is* required if the employee doesn't have Option C and wants to elect it. If such an employee doesn't complete a new certification, there is no way to start counting the 60-day time limit; the employee would then have to wait until the open enrollment period to elect Option C.

While having a foster child counts as a life event for the election/increase of Option C, it ***does not count as a life event for the election/increase of Option B.***

Can a Foster Child Receive Benefits under the Order of

No. While foster children are now considered eligible family members for coverage under Option C, they are

Precedence When an Employee Dies?

not included under the order of precedence for receiving benefits when an employee dies. If an employee wants his/her foster child to receive FEGLI benefits upon the employee's death, the employee must still complete a designation of beneficiary.

MISCELLANEOUS UPDATES

Elimination of Maximums

An employee's Basic Insurance amount (BIA) is his/her annual rate of basic pay, rounded to the next higher thousand, plus \$2,000. Each multiple of Option B coverage is equal to an employee's annual pay, rounded to the next higher thousand.

Until the enactment of Pub. L. 105-311, the BIA was limited to \$139,000, and each multiple of Option B was limited to \$137,000.

These maximums have been removed, effective with the first pay period beginning on or after October 30, 1998. Since the maximum on Basic insurance has been eliminated, there is no longer any need to increase the amount of Option A coverage. Therefore, effective with the first pay period beginning on or after October 30, 1998, Option A can no longer exceed \$10,000.

Agencies whose payroll systems need to be modified to reflect the proper insurance amounts will have to make retroactive adjustments in the withholdings for Basic and Option B (and Option A, if applicable), and in the Government contribution for Basic insurance.

Effective Date for Changes Affecting Options B and C

Pub. L. 105-311 allows retiring employees to elect unreduced Option B and Option C. The new law also provides for a three-year portability demonstration project, which allows employees whose coverage is terminating due to separation or completion of 12 months in nonpay status to continue Option B coverage by making direct premium payments, if they meet the five-year/first opportunity requirement. The new law also allows employees to elect up to five multiples of the current amount of Option C coverage.

The effective date for these provisions will be April 24,

1999. We will provide details in a later BAL.

FEGLI Hotline

We have established a Hotline for questions relating to the new FEGLI legislation. The *FEGLI Hotline* number is **202-606-0163**.

Other FEGLI questions, as well as questions relating to the FEHB Program, should continue to be directed to our *Information staff* on 202-606-0191.

Revised Dates for Open Enrollment Period

In BAL 98-208 we announced the dates of the open enrollment period as April 1, 1999, through May 31, 1999.

After discussions with several agencies, we have changed the dates of the open enrollment period to allow maximum preparation time and notification to employees. Therefore, the dates of the open enrollment period will be ***April 24, 1999, through June 30, 1999***.

Elections made during the open enrollment period will become effective the first pay period beginning on or after April 23, 2000, which follows a pay period during which the employee was in pay and duty status.

Detailed guidance regarding the open enrollment period will be issued in a later Benefits Administration Letter.



Abby L. Block, Chief
Insurance Policy
and Information Division

Attachments

CERTIFICATION FORM FOR FOSTER CHILDREN

I have been informed of the following requirements for coverage of a foster child under Option C of the Federal Employees' Group Life Insurance Program and/or the Federal Employees Health Benefits Program.

1. The child must be unmarried and under the age of 22. (If the child is over age 22, he/she can only be covered if he/she is incapable of self-support because of a disabling condition that began before age 22. I must provide documentation of this to my employing office.)
2. The child must be living with me.
3. The parent-child relationship must be with me, not with the biological parent. This means that I am exercising parental authority, responsibility, and control; I am caring for, supporting, disciplining, and guiding the child; I am making the decisions about the child's education and health care.
4. I must be the primary source of financial support for the child.
5. I must expect to raise the child to adulthood.

I understand that if the child moves out of my home to live with a biological parent, he/she loses coverage and cannot ever again be covered as a foster child unless the biological parent dies, is imprisoned, or becomes incapable of caring for the child due to a disability, or unless I obtain a court order taking parental responsibility away from the biological parent.

This is to certify that: *(name of child)* lives with me; I have a regular parent-child relationship with *(name of child)*, as described above; I am the primary source of financial support for *(name of child)*; and I intend to raise *(name of child)* into adulthood.

I will immediately notify my employing office (and the health benefits carrier, if the child is covered under FEHB) if the child marries, moves out of my home, or ceases to be financially dependent on me.

(Print name of employee/annuitant)

(Employee/annuitant/s Social Security #)

(Signature of employee/annuitant)

(Date)

NOTICE TO EMPLOYEES REGARDING FOSTER CHILD COVERAGE

Effective October 30, 1998, foster children are eligible for coverage under Option C of the Federal Employees' Group Life Insurance (FEGLI) Program. (Option C is the Optional coverage on your family members.)

WHAT ARE THE REQUIREMENTS FOR COVERING A FOSTER CHILD?

The requirements for a foster child's eligibility under Option C are the same as those for eligibility under the Federal Employees Health Benefits (FEHB) Program. All the requirements must be met. These requirements are:

1. The foster child must be unmarried and under the age of 22. (If over age 22, he/she must be incapable of self-support because of a disabling condition which began before the child turned 22. Your personnel office can tell you what type of documentation is required.)
2. The child must be living with you.
3. The parent-child relationship must be with you, not with the biological parent. (A parent-child relationship means that you are exercising parental authority, responsibility, and control over the child. You are caring for, supporting, disciplining, and guiding the child. You are the one making decisions about the child's education and health care.)
4. You must be the primary source of financial support for the child.
5. You must expect to raise the child to adulthood.

There is no prohibition against a foster child's biological parent living in your home or contributing to the child's support. However, the parent-child relationship as described above must be with you, not the biological parent, and you must be the primary source of financial support for the child.

A child placed in your home by a welfare or social service agency under an agreement where the agency retains control of the child or pays you for maintenance does not qualify as a foster child.

WHAT ABOUT GRANDCHILDREN?

Grandchildren, as such, are not eligible family members. However, grandchildren can qualify as foster children if all the requirements are met. This means your grandchild must be living with you; you must be the primary source of financial support for your grandchild; the parent-child relationship (as described above) must be with you, not with your grandchild's biological parent; and you must expect to raise your grandchild to adulthood.

IF MY FOSTER CHILD MEETS THESE REQUIREMENTS, WHAT SHOULD I DO?

If all of these requirements are met, your foster child is eligible for coverage. You must sign a certification regarding your foster child's eligibility.

If you have already completed a certification for your foster child for FEHB purposes, and you already have Option C coverage for your other eligible family members, you do not have to complete a new certification for FEGLI; your foster child is automatically covered under Option C.

If you haven't completed a certification for your foster child, you can get the certification form from your personnel office.

When you file a claim due to the death of a foster child, your agency must verify that your child's eligibility has been certified. If you do not have a certification on file, you will be asked to complete one before the claim can be paid.

WHAT IF MY FOSTER CHILD MOVES OUT OF MY HOME TO LIVE WITH HIS/HER BIOLOGICAL PARENT?

If your foster child moves out of your home to live with a biological parent, the child loses eligibility under Option C (as well as under FEHB). That child cannot again be covered as a foster child unless the biological parent dies, is imprisoned, or becomes unable to care for the child because of a disability, or unless you obtain a court order taking parental responsibility away from the biological parent.

WHAT IF I DON'T HAVE OPTION C? CAN I ELECT IT?

Yes. You can elect Option C within 60 days from the date you submit the certification form to your personnel office. The coverage will be effective the day you turn in the election form (SF 2817).

Note that, while normally you don't have to complete a new certification if you already have a foster child certification on file for FEHB, you *will* have to complete one if you don't already have Option C and you want to elect it.

WILL MY FOSTER CHILD RECEIVE LIFE INSURANCE BENEFITS UNDER THE ORDER OF PRECEDENCE IF I DIE?

No. While foster children now qualify for coverage under Option C, they are not included under the order of precedence to receive benefits upon your death. If you want your foster child to receive benefits if you die, you must complete a designation of beneficiary. You can get this form from your personnel office.