



United States
Office of Personnel Management
Retirement and Insurance Service

Benefits Administration Letter

Number: 98-206

Date: February 17, 1999

Subject: Federal Employees Health Benefits (FEHB) Program: New Disenrollment Regulations

Background

On November 4, 1998, the Office of Personnel Management (OPM) published final Federal Employees Health Benefits (FEHB) Program regulations in the Federal Register (63 FR 59457) allowing FEHB carriers to disenroll individuals in specific situations. A non-substantive correction to these regulations was published in the Federal Register (63 FR 64761) on November 23, 1998. These regulations took effect on December 4, 1998.

The purpose of this letter is to note the major changes made by the regulations and their impact on the Federal agencies.

What the New Regulations Do

The new regulations make additions to the existing FEHB Program regulations:

1. Employing offices are now required by regulation to provide information about enrollees in the FEHB Program to the carriers of the plans in which they are enrolled. Previously, employing offices were required administratively to provide this information.
2. The FEHB carriers are now required by regulation to use the information provided by the employing offices to reconcile their enrollment records. Previously, the carriers were only required contractually to perform enrollment reconciliation.
3. The FEHB carriers are now allowed to disenroll individuals when: 1) they are unable to verify the

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enrollment; 2) a reliable source informs them of the death of an enrollee with a self only enrollment; 3) a child survivor annuitant covered under a self only enrollment reaches age 22 and is capable of self-support; and 4) an individual notifies the carrier that he or she has separated from Federal employment.

SPECIFIC INFORMATION

Enrollment reconciliation

These regulations adopt as a regulatory requirement the current administrative quarterly reporting requirement and the requirement for carriers to use the information to reconcile their enrollment records.

Employing offices are required to report to each carrier on a quarterly basis the names of the individuals who are enrolled in the carrier's plan in a format and containing information as specified in OPM Payroll Office Letter 92-06, issued on March 24, 1992. This letter was reissued with Payroll Office Letter 97-06 on March 27, 1997.

When a carrier receives a quarterly report, it is required by its contract with OPM to compare the enrollees listed with its own record of enrollees for that payroll office. If the carrier records show an enrollee who is not listed by the payroll office, the carrier must contact the payroll office for an explanation. The payroll office provides documentation to resolve the discrepancy or gives the reason the individual is no longer in the plan or no longer on the payroll and the effective date of the change.

Your obligation to perform a thorough enrollment reconciliation is not lessened by the disenrollment authority being given to the carriers. Your most important responsibility is to assist the carriers in their reconciliation efforts by providing the quarterly reconciliation reports timely and settling any enrollment discrepancies that arise. If reconciliations are completed accurately and timely, there will be few individuals disenrolled.

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Disenrollment when carrier is unable to reconcile enrollment

If a carrier cannot reconcile its record of an individual's enrollment with agency enrollment records or does not receive documentation from the agency necessary to resolve the discrepancy within 31 days of a request, the carrier has the authority to disenroll the individual. The individual then has an opportunity to respond. Prior to these new regulations, the carriers did not have the authority to disenroll.

Procedure for disenrollment

The regulations provide an administrative procedure for notifying the enrollee of the disenrollment. Under this procedure, the carrier must provide written notice to affected individuals that the employing office of record does not show them as enrolled in the carrier's plan and they will be disenrolled 31 calendar days after the date of the notice unless the enrollees provide appropriate documentation to resolve the discrepancy. Appropriate documentation includes, but is not limited to, a copy of the Standard Form 2809 (or a letter confirming an electronic transaction), the Standard Form 2810 transferring the enrollment into the gaining employing office (or the equivalent electronic submission), copies of earnings and leave statements or annuity statements showing withholdings for the health benefits plan, or a document or other credible information from the enrollee's employing office stating that the individual is entitled to continued enrollment in the plan and that the premiums are being paid.

If the carrier does not receive any documentation attempting to resolve the discrepancy within the 31-day time frame, the carrier should disenroll the individual without further notice.

If the carrier receives documentation from the enrollee in an attempt to resolve the discrepancy, the carrier will notify both the enrollee and the employing office of record

of its decision on the information.

If the information received is sufficient to show the individual as enrolled, the carrier will stop the disenrollment process. The employing office must then update its records

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to ensure that the individual's enrollment is properly reflected on the payroll system and thus will appear on the next quarterly reconciliation report.

If the information is inadequate to show the individual as enrolled, the carrier will proceed with the disenrollment process and advise the individual of reconsideration rights.

Reconsideration

Enrollees may ask their employing office or retirement system to reconsider a carrier's decision to disenroll them. If the individual has submitted information to the carrier attempting to resolve the enrollment discrepancy, the reconsideration process begins after the carrier makes a determination. A request for reconsideration must be made in writing and must include the enrollee's name, address, Social Security Number or other personal identification number, name of carrier, reason(s) for the request, and, if applicable, retirement claim number. The employing office must notify the carrier when a request for reconsideration of the decision to disenroll the individual is made.

A request for reconsideration must be filed within 60 calendar days after the date of the carrier's disenrollment notice. The time limit on filing may be extended when the individuals show that they were not notified of the time limit and were not otherwise aware of it, or that they were prevented by circumstances beyond their control from making the request within the time limit.

After reconsideration, the employing office must issue a written notice of its final decision to the individual and notify the carrier of the decision. The notice must fully set forth the findings and conclusions on which the decision

was based. The carrier may be notified of the decision by telephone since we do not want eligible enrollees to remain disenrolled while a carrier waits for a written notice. If upon reconsideration the employing office determines the individual is entitled to continued enrollment in the plan, the disenrollment is void and coverage is reinstated retroactively.

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Erroneous disenrollments

We expect that few individuals would reach the end of this process without their actual enrollment status becoming clear. However, in the event that an individual was disenrolled under the regulations and it is later discovered that another provision of the regulations should have been applied to the individual's circumstances, the disenrollment under this regulation would become void and the enrollment would be reinstated retroactively to the date of the disenrollment. For example, if it later became clear that the individual's enrollment should have continued because he or she retired under circumstances allowing continued enrollment, the disenrollment would become void.

Employing office responsibilities

We anticipate that in many cases people receiving a disenrollment notice will contact their personnel office for assistance. The standard disenrollment notice used by the carriers will advise individuals to send appropriate documentation to resolve the enrollment discrepancy to both their carrier and their personnel office. When a personnel office is contacted, we expect them to inform the payroll office of the situation in order to coordinate any necessary actions that need to be taken. This will ensure that the individual's enrollment continues and enrollment records are updated so the next quarterly reconciliation report is correct. We expect the same coordination between personnel and payroll offices if a disenrollment proceeds to the point of agency reconsideration.

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When an agency receives the carrier's decision on documentation submitted by an enrollee to resolve a discrepancy, coordination is also needed between the personnel and payroll offices to ensure that enrollment records are updated so the next quarterly reconciliation report will be correct.

Death of enrollee with a self only enrollment

The regulations allow a carrier to end a self only enrollment upon receipt of reliable information that the enrollee has died.

Reliable information includes claims for hospital or physician costs incurred at time of death, or correspondence returned from the Postal Service noting that the enrollee is deceased.

The disenrollment is effective on the last day of the pay period in which the individual dies. If the date of death is unknown, the plan will disenroll the individual on the last day of the pay period in which information of the death is received.

In the event the employing office determines the report of death was in error, or the carrier receives appropriate documentation that the report of death was in error, and the individual is eligible for enrollment, the disenrollment under this regulation is void and coverage is reinstated retroactively.

Child survivor annuitant with self only enrollment reaches age 22

The regulations allow a carrier to disenroll a child survivor annuitant when the child becomes age 22, unless the carrier has information indicating that the child is eligible for continued coverage because the child is incapable of self support due to a physical or mental disability.

The disenrollment is effective at midnight of the day the

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enrollee turns 22. The carrier must provide the enrollee with a written notice of disenrollment prior to their 22nd birthday.

The child may ask the retirement system to reconsider the carrier's decision. The request for reconsideration must be made in writing and must include the enrollee's name, address, Social Security Number or other identifier, name of carrier, reason(s) for the request, and the survivor annuity claim number. The retirement system must notify the carrier when a request for reconsideration is received.

A request for reconsideration of the carrier's decision must be filed with the retirement system within 60 calendar days from the date of the carrier's disenrollment notice. The time limit on filing may be extended when individuals show that they were not notified of the time limit and were not otherwise aware of it, or that they were prevented by circumstances beyond their control from making the request within the time limit.

After reconsideration, the retirement system must issue a written notice of its final decision to the individual and notify the carrier of the decision. The notice must fully set forth the findings and conclusions on which the decision was based. The carrier may be notified of the decision by telephone, since we do not want eligible enrollees to remain disenrolled while a carrier waits for a written notice. If upon reconsideration the retirement system determines the individual is entitled to continued enrollment in the plan as a survivor annuitant, the disenrollment is void and coverage is reinstated retroactively.

Enrollee separates from Federal employment

The regulations allow a carrier to disenroll former employees who notify the carrier that they have separated from Federal employment under circumstances that do not entitle them to an immediate annuity.

The disenrollment is effective on the last day of the pay

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period in which the separation occurred, if known, otherwise the carrier will disenroll the employee on the date the employee provides as the date of separation. The carrier must provide enrollees with a written notice of disenrollment advising them of their right to convert to a non-group contract and possible eligibility to enroll under temporary continuation of coverage.

Other reconciliation issues

While under certain circumstances the new regulations allow a carrier to disenroll an individual who is not listed on an employing office's quarterly reconciliation report, there are other reconciliation issues that are not addressed by the regulations. These situations will be discussed here.

1. There is a difference in the enrollee's name between the carrier's records and the employing office's records.

If the carrier notes the discrepancy, they will contact the enrollee with a request for the correct information. The carrier's request for information will advise the enrollee to provide the correct name to both the carrier and the employing agency. Once the employing office receives this information from the enrollee, they should update their enrollment records.

2. An individual's name appears on the quarterly reconciliation report, but does not appear on the carrier's enrollment records.

Carriers will contact the employing office and request verification of the individual's enrollment. Carriers will not enroll the individual until they receive evidence of the enrollment from the employing office.

3. There is a difference in the individual's enrollment status (self only vs. self and family) or plan option (High

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vs. Standard) between the employing office's quarterly reconciliation report and the carrier's enrollment records.

If the employing office's records indicate better coverage than the carrier's records, (i.e., employing office shows self and family enrollment and carrier shows self only enrollment or employing office shows High option enrollment and carrier shows Standard option enrollment) the carrier will conform their records to match those of the employing office.

If, however, the employing office's records indicate lesser coverage than the carrier's records, (i.e., employing office shows self only enrollment and carrier shows self and family enrollment or employing office shows Standard option enrollment and carrier shows High option enrollment) the carrier will notify both the enrollee and the employing office in writing of the discrepancy. The letter from the carrier will indicate that if they don't receive confirmation of the individual's better coverage within 31 days of the date of the letter, they will conform their records to match those of the employing office indicating a lesser level of coverage.

4. Enrollee is in a leave without pay status for more than 365 days and the agency has not terminated the enrollment.

The carrier will suspend the enrollment, with a written notice to both the enrollee and the employing office, until the agency terminates the enrollment.

In all four of these situations, it is very important that you respond to carrier requests for information timely. It is also important that you update enrollment records when necessary so incorrect information is not provided to the carriers on subsequent quarterly reconciliation reports.

Questions

If you have any questions regarding this regulatory change or reconciliation issues in general, please contact Jay Fritz

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of my staff at (202) 606-0004, or via email at
JAYFRITZ@opm.gov.



Abby L. Block, Chief
Insurance Policy
and Information Division

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