



*United States*  
*Office of Personnel Management*  
*Retirement and Insurance Service*

**Benefits Administration Letter**

Number: 99-401

Date: February 8, 1999

**Subject: Federal Employees Health Benefits (FEHB) Program: Termination of WellChoice, Code 3Z**

We have just learned that WellChoice, Code 3Z, an HMO serving the San Antonio, Texas, area, has gone bankrupt and is no longer able to service its enrollees. Accordingly, WellChoice has ceased to be a participant in the FEHB Program.

Employees may not newly enroll in WellChoice. In addition, we are authorizing a special open season for employees enrolled in WellChoice to allow them to choose new plans. Employees who wish to maintain FEHB coverage **must** enroll in new plans during this special open season. This open season is effective immediately and will continue for the next 30 days. (However, agencies are asked to apply this cut-off date liberally, if necessary.) Enrollment changes made during this open season should be made effective as of the pay period beginning on or about January 16, 1999.

Employees affected by this special open season are free to join any FEHB plan for which they are eligible. However, since most HMOs will not pay for medical services they didn't authorize, employees who incurred expenses WellChoice was unable to pay should be encouraged to join fee-for-service plans, so that they may submit claims for the care to the new plan.

Ordinarily, when a plan announces its intention to drop out of the Program in mid-year, we ask the plan to notify its federal enrollees of the special open season opportunity. In this case, that will not be possible. Instead, agencies will need to identify their employees enrolled in Code 3Z, and let them know about the plan's termination and the need to pick new plans.

Thank you for your cooperation in this matter.

Abby L. Block, Chief  
Insurance Policy  
and Information Division

