



PAYROLL OFFICE LETTER

U. S. Office of Personnel Management

Number: P97-02

Date: January 17, 1997

SUBJECT: NEW REQUIREMENTS FOR PAYMENT OF HEALTH BENEFIT PREMIUMS FOR PERIODS OF NONPAY OR INSUFFICIENT PAY

This letter is to advise you of new rules that alter the way Federal Employees Health Benefits Program (FEHB) premiums are remitted to OPM for employees in a nonpay status or with insufficient pay to cover their contributions. The new rules are mandated by Public Law 104-208, which was enacted on September 30, 1996 and became effective immediately.

Current Process

Currently, you remit to us only the employer share of the FEHB premium for employees in a nonpay status or with insufficient pay. The affected employees incur a debt for past-due employee contributions. You remit the employee contributions to us, when you collect them from your employees, which is usually when they return to work. As a consequence, the payments to the plan carriers can be significantly delayed.

Prospective Process

P.L. 104-208 requires you to remit to us the FULL FEHB premium -- BOTH the employer and employee shares -- on a current basis for employees in a nonpay status or with insufficient pay. Unless the employee elects to pay his/her share directly to you, you must advance salary in the amount necessary to cover their contributions for each pay period that FEHB coverage continues. The employee will no longer incur a debt for past-due employee contributions; rather, his/her debt will result from your advancement of salary.

Retroactive Adjustments

The provisions in P.L. 104-208 became effective for pay periods beginning on or after September 30, 1996. As a consequence, you will be required to implement these requirements retroactively to that date. You must remit to us a "catch-up" payment, for any uncollected portion of the employee share of premiums for all applicable pay periods in which the affected employees retained coverage.

Inquiries

If you or your staff have any questions on the affect of P.L. 104-208 on FEHB contributions or other information contained in this letter, please call us on 202-606-0666.

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