



Benefits Administration Letter

Number: 07-405

Date: October 15, 2007

Subject: 2007 Federal Benefits Open Season: Overall Program Changes including FEHB Program Significant Plan Changes

This is the fifth Benefits Administration Letter (BAL) in our series of 2007 Federal Benefits Open Season BALs for the Federal Flexible Spending Account Program (FSAFEDS), the Federal Employees Dental and Vision Insurance Program (FEDVIP) and the Federal Employees Health Benefits (FEHB) Program. This BAL provides information on overall program changes for Federal Benefits including significant plan changes in the FEHB Program for 2008.

This year's Federal Benefits Open Season will run from Monday, November 12 through Monday, December 10, 2007.

FSAFEDS

There are no benefit changes in FSAFEDS for 2008, although the administrative fees may change. We will let you know about any changes in fees prior to the February 2008 invoice.

FEDVIP

Overall Program Changes

- The effective date of FEDVIP coverage for the 2008 plan year is January 1, 2008;
- The Coordination of Benefits (COB) provision has been standardized across all FEDVIP plans (plans will calculate COB using the traditional benefit calculation, resulting in lower out-of-pocket expenses); and
- FEDVIP plans will no longer be using social security numbers for identification or for any external documentation.

FEHB Program

The remainder of this letter provides important information on the significant events affecting certain plans in the FEHB Program for the upcoming Open Season. The attachment to this BAL identifies the plans and their corresponding significant events. Some of these events will require action on the part of agencies and enrollees.

Please note there are plans leaving the FEHB Program at the end of 2007. Since employees in these terminating plans **must** enroll in new plans during Open Season if they wish to continue health insurance coverage in 2008, we ask you to distribute this list throughout your agencies.

Table 1: Plans Leaving the FEHB Program

Table 2: Plan Reducing its Service Area by Terminating an Enrollment Code

What Must Employees Do?

- Employees in terminating plans (**Table 1**) or terminating enrollment codes (**Table 2**) **must** enroll in a new health plan during Open Season if they want FEHB coverage. If they do not enroll in a new health plan, they will not have FEHB coverage in 2008.
- **New Coverage:** Coverage under an enrollee's new health plan will be effective the first day of the pay period beginning on or after January 1, 2008; **for most employees this will be January 06, 2008.** Enrollees will remain covered and receive the 2008 benefits of the old plan until coverage under the new plan becomes effective.

What Must You Do?

- You must notify employees in terminating plans (**Table 1**) and terminating enrollment codes (**Table 2**) to select new plans. Advise your employees if they do not choose new health plans, they will not have FEHB coverage in 2008.
- We strongly recommend you distribute copies of this list to each employee, along with your agency's notice about Open Season.
- We also recommend you follow up with employees in these plans and remind them to select new plans.
- **Belated changes:** Some employees still might not receive instructions to change plans during Open Season. We encourage you to be liberal in accepting belated Open Season changes from employees enrolled in terminating plans and terminating enrollment codes.

What Will Health Plans Do?

- **Plan Notification:** The plans in **Tables 1 and 2** have been instructed to notify enrollees of the need to select new health plans for 2008; however, because some plans' enrollment and address lists may not be up-to-date, we encourage you to accept belated changes.

Table 3: Plan Splitting a Service Area

Health Net of California will split its California service area, code LB, into two service areas (northern and southern California) resulting in two enrollment codes, LB and LP. The plan's northern California region will retain the current LB enrollment code; however, the plan's southern California region will receive the new LP enrollment code.

What Must Employees Do?

- Employees in the plan splitting its service area (Health Net of California, **Table 3**) from one enrollment code (LB) into two enrollment codes (LB and LP) and who reside or work in the plan's southern California region, should enroll in the plan's new LP enrollment code for their region during Open Season. If the enrollees in the plan's southern California region do nothing and do not make a positive enrollment election,

they will automatically remain enrolled in the original High Option LB enrollment code for the plan's northern California region and they will have to travel to the plan's northern California service area to obtain medical care in order to receive full benefits from the plan in 2008. Please note the 2008 premiums for enrollment code LB will be higher than the premiums for enrollment code LP.

What Must You Do?

- Advise your employees who are enrolled in Health Net of California (**Table 3**) who reside or work in the southern California region that if they do nothing and do not enroll in the new LP enrollment code for the southern California region, they will automatically remain enrolled in the plan's original High Option LB code for northern California and they will have to travel to the plan's northern California service area to obtain medical care in order to receive full benefits from the plan in 2008.
- For 2008, the premiums for the LB enrollment code (northern California service area) will be higher than the premiums for the LP enrollment code (southern California service area).
- We strongly recommend you distribute copies of this list to each employee, along with your agency's notice about Open Season.
- If you do not distribute copies of this list, remind employees to check their 2008 health plan brochures carefully to see if there have been any changes to their plans that will affect them.
- **Belated changes:** Some employees enrolled in the plan's southern California service area still might not receive instructions to change codes during Open Season. We encourage you to be liberal in accepting belated Open Season changes from employees in the plan's southern California service area.

What Will Health Plans Do?

- **Plan Notification:** The plan in **Table 3**, Health Net of California, has been instructed to notify enrollees in its southern California region that its current 2007 California service area with one code (LB) is being split in 2008 into two service areas (northern and southern California) with two codes (LB and LP) and if enrollees in the southern California region do not enroll in the plan's new LP enrollment code for southern California, they will automatically remain enrolled in the plan's original High Option LB code for northern California at the higher 2008 premium for code LB.

Table 4: Plans Dropping an Option for 2008

What Must Employees Do?

- Employees in plans dropping an option (**Table 4**) may enroll in a new health plan during Open Season or remain with their current plan and be automatically enrolled in the plan's remaining option.
- **New Coverage:** Coverage under an enrollee's new health plan will be effective the first day of the pay period beginning on or after January 1, 2008; **for most employees this will be January 06, 2008.** Enrollees will remain covered and receive the 2008 benefits of the old plan until coverage under the new plan becomes effective.

What Must You Do?

- Advise your employees who are enrolled in a plan that is dropping an option that if they do not choose a new health plan, they will be automatically enrolled in the plan's remaining option.
- We strongly recommend you distribute copies of this list to each employee, along with your agency's notice about Open Season.
- If you do not distribute copies of this list, remind employees to check their new health plan brochures carefully to see if there have been any changes to their plans that will affect them.

Table 5: Plans Adding a New Option

Table 6: New Plans Entering the Program for 2008

Table 7: Existing Plans offering a High Deductible Health Plan (HDHP) without New Enrollment Codes

Table 8: Existing Plans offering a High Deductible Health Plan (HDHP) with New Enrollment Codes

Table 9: Service Area Expansions with New Enrollment Codes

Table 10: Service Area Expansions without New Enrollment Codes

What Must You Do?

- You must include these new plans, options and expanded service areas (**Tables 5 - 10**) when you count the number of eligible employees and place your orders for brochures.

Table 11: Plan Name Changes

Table 12: Code Mergers

Conclusion

We encourage you and your employees to visit our website at www.opm.gov/insure for the most up-to-date information. We will update these pages on a regular basis throughout Open Season.

We look forward to working with you to ensure Federal employees have a successful Open Season.

Sincerely,

Howard Weizmann
Deputy Director

Attachment