



***Retirement and Insurance Service
Benefits Administration Letter***

Number: 01-105

Date: April 26, 2001

Subject: Federal Employee Health Benefits (FEHB) enrollment transfers between the U.S. Office of Personnel Management (OPM) and agencies for the purposes of Health Benefits Premium Conversion (HB-PC).

Purpose: Provide procedures to:

Transfer FEHB coverage from OPM to the employing agency when:

- An annuitant with FEHB coverage through OPM is reemployed in an appointment that conveys FEHB coverage, and the employing office participates in HB-PC, and the reemployed annuitant does not waive premium conversion, or;
- A survivor annuitant with FEHB coverage as an annuitant is employed in an appointment that conveys FEHB coverage, and the employing office participates in HB-PC, and the survivor annuitant requests the coverage be transferred to the employing agency in order to participate in premium conversion;

Transfer FEHB coverage from the employing agency to OPM when:

- The employment of a reemployed annuitant or an employed survivor annuitant with FEHB coverage through the employing agency ends;

Cancel FEHB coverage with OPM when:

- An annuitant with coverage as an annuitant requests that OPM cancel the annuitant's enrollment because his or her Federally employed spouse wishes to pick up family coverage through the employing agency in order to participate in premium conversion. When the spouse's employment ends, the annuitant's cancelled coverage can be reinstated.

Background:

OPM implemented HB-PC, i.e., premium conversion, for Federal employees. Premium conversion is a type of "cafeteria" plan allowed by the Internal Revenue Code under which employees pay their share of health benefits premiums with pre-tax dollars. This means health benefit premiums are paid before deductions are computed for Federal income, Medicare or Social Security taxes and most state and local income taxes. Payment of health benefits premiums in pre-tax dollars lowers the amount of taxable income, so less tax is withheld and paychecks are larger.

Because Internal Revenue rules require premiums to be deducted from the pay of an employee to qualify for premium conversion, this benefit is not available to Federal retirees as annuitants. Annuitants can only participate in HB-PC if they or their spouses are employed by the Federal government and their health benefits premiums are deducted from their Federal salaries.

Effective with the first pay period that began on or after October 1, 2000, Executive Branch agencies implemented HB-PC for Federal employees. Before October 1, 2000, OPM maintained health benefits enrollments and deducted premiums for reemployed annuitants and survivors. In order for these individuals to participate in premium conversion, their FEHB enrollment must be transferred from OPM to their employing agencies.

Procedures:

Reemployed Annuitants

Agency Procedures for Reemployed Annuitants

When an annuitant enrolled in FEHB is reemployed in a position that conveys FEHB eligibility in an agency that participates in HB-PC, unless the annuitant waives participation in premium conversion as of the effective date of reemployment, **the agency** will:

- Notify OPM of the reemployment via e-mail at HBPremiums@opm.gov, including the individual's name, date of birth, social security number, retirement claim number (if known) and effective date of reemployment. OPM will respond with the current FEHB enrollment code and confirmation that FEHB premiums from annuity will end the day before the effective date of reemployment;

- Upon receipt of OPM confirmation and the current FEHB enrollment code, transfer in the health benefits as of the date of reemployment;
- Start deducting health benefits premiums on a pre-tax basis on the effective date of reemployment;
- The reemployed annuitant may still waive participation in premium conversion by submitting a waiver to the agency within 60 calendar days after the effective date of reemployment. A waiver submitted after the effective date of reemployment will be effective on the first day of the first pay period after the date the employing office receives it.
- If health benefits have already been transferred to the agency when a waiver is received (within the 60 days), the agency will stop withholding health benefit premiums from salary as of the effective date of the waiver, notify OPM via e-mail at HBPremiums@opm.gov, and forward the hard copy of the waiver to OPM, Retirement Operations Center, P.O. Box 45, Boyers, PA 16017. (*Note: The waiver must contain the effective date*).

OPM Procedures

When an agency notifies OPM that an annuitant who is participating in FEHB and has not submitted a waiver is reemployed, OPM will:

- Stop deducting health benefits premiums on the effective date of reemployment; and,
- Notify the annuitant that OPM no longer maintains the FEHB enrollment.

If OPM subsequently receives a waiver, we will resume deducting health benefits premiums from the individual's annuity as of the effective date of the waiver. (*Note: The waiver must contain the effective date*).

Separating Reemployed Annuitants

Agency Procedures for Separating Reemployed Annuitants

When a reemployed annuitant whose health benefit premiums are deducted from salary separates from active service, the agency must:

- Notify OPM via e-mail at HBPremiums@opm.gov, and include the individual's name, date of birth, social security number, retirement claim number (if known), current health benefits enrollment code, and effective date of separation; and,
- Forward all original file copies of health benefits documents to OPM,

Retirement Operations Center, P.O. Box 45, Boyers, PA 16017.

OPM Procedures

When an agency notifies OPM of the separation from active service of a reemployed annuitant whose health benefit premiums are deducted from salary, OPM will:

- Transfer in the individual's health benefits coverage and start deducting premiums on the day following the effective date of separation.
- Notify the annuitant and the health plan that OPM now maintains the individual's FEHB enrollment.

Employed Survivor Annuitants

Agency Procedures for Employed Survivor Annuitants

When a Federally-employed survivor annuitant requests a transfer of FEHB enrollment to the employing agency in order to participate in HB-PC, the agency will:

- Transfer in the individual's enrollment and start deducting FEHB premiums on a pre-tax basis as of the first pay period beginning after the employing office receives the enrollment request that follows a pay period during which the survivor was in pay status;
- Notify OPM via e-mail at HBPremiums@opm.gov to stop deducting FEHB premiums. The notification must include the individual's name, date of birth, social security number, enrollment code, retirement claim number (if known), and effective date of health benefits coverage with the agency.

Note: While the survivor annuitant maintains FEHB enrollment as an employee, his/her current spouse can be covered. However, when the survivor annuitant leaves Federal service and the enrollment is transferred back to the retirement system under the survivor annuity, the current spouse will no longer be eligible for coverage. If the survivor annuitant is eligible for retirement in his/her own right, then he/she can continue the family enrollment under the retirement account rather than the survivor account. This preserves coverage for the current spouse.

OPM Procedures

When an agency notifies OPM that a Federally-employed survivor annuitant has requested a transfer of FEHB enrollment to the employing agency in order to participate in HB-PC, OPM will:

- Stop deducting FEHB premiums on the day the agency begins deducting premiums;
- Notify the survivor annuitant that OPM no longer maintains the FEHB enrollment.

Canceling FEHB Enrollment

Annuitants with FEHB family coverage may cancel their own enrollments with OPM in order to be covered under an employed spouse's family enrollment at a Federal agency.

Annuitants With Family Enrollment

Agency Procedures for Annuitants With Family Enrollment

When an annuitant enrolled in FEHB self and family coverage cancels enrollment at OPM in order to be covered by a spouse's self and family coverage at a participating agency, the agency will:

- Determine the effective date of health benefits coverage with the agency. (Note: The effective date is the beginning of the first pay period after the employing office receives the enrollment request that follows a pay period in which the employed spouse was in pay status);
- Withhold premiums from the employed spouse's salary;
- Notify OPM via e-mail at HBPremiums@opm.gov so we can cancel the enrollment and stop deducting premiums from the affected annuity. The agency notification must include the annuitant's name, date of birth, social security number, retirement claim number (if known) and effective date of self and family coverage with the agency.

OPM Procedures

When an agency notifies OPM that the spouse of an annuitant has enrolled in FEHB self and family coverage, OPM will:

- Cancel FEHB enrollment and stop deducting health benefits premiums on the day the agency begins deductions. (*Note: This type of cancellation action will allow reinstatement of the annuitant's FEHB enrollment in the future*).

***End of Family
Enrollment***

Agency Procedures After Family Enrollment Ends

When an annuitant's spouse ends the self and family enrollment at the agency (i.e., separates from Federal service, cancels the enrollment, etc.), the agency must:

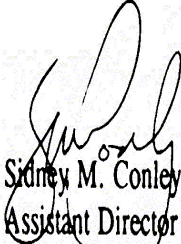
- Notify OPM via e-mail at HBPremiums@opm.gov,
- Provide OPM the annuitant's name, date of birth, social security number, retirement claim number (if known) and the effective date that family enrollment ended.

OPM Procedures

When the agency notifies OPM that the family enrollment of an annuitant's employed spouse has ended, and the annuitant wants to reinstate his or her FEHB enrollment, OPM will:

- Reinstate the annuitant's health benefits and start deducting premiums on the day after the family enrollment ended.
- Notify the annuitant and the carrier that the family enrollment is once again maintained by the original annuitant.

Note: If the employed spouse retires from Federal service and is eligible (and elects) to continue the FEHB enrollment on his or her own annuity, OPM will transfer-in that family enrollment and deduct the health benefit premiums from that annuity.


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