



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

Number: 01-321

Date: July 18, 2001

Subject: Effective Date of FEHB Open Season Elections -- Proration Required after One-Year Delay

In Benefits Administration Letter (BAL) 01-319, we informed agencies of our plans to change the effective date of FEHB open season elections to January 1. Since issuing BAL 01-319, we have received expressions of concern that the discretionary proration policy discussed in BAL 01-319 would result in the inequitable treatment of FEHB enrollees and the carriers participating in the Program. In light of these concerns, we are requiring agency payroll offices to prorate FEHB withholdings and contributions for pay periods that include January 1. To afford agencies the time to modify their payroll systems, we are delaying the change in the effective date of FEHB open season elections for one year.

Thus, ALL agency payroll systems must be capable of initiating the proration of FEHB withholdings and contributions for the pay period that includes *January 1, 2003*, in accordance with the methodology outlined in BAL 01-319. [We will soon issue additional guidance supplementing the BAL 01-319 methodology.] Agencies need to ensure that their payroll systems are flexible in this regard. For instance, when an enrollee changes plans during the open season, we may in the future require agencies to use the new contract rates for the newly elected plan for the portion of the “straddling” pay period that falls after December 31.

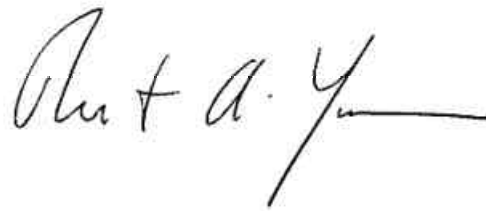
In summary:

- November-December 2001 open season health benefits elections will be effective on the first day of the first pay period beginning in January 2002.

<i>Civil Service Retirement System</i>	<i>Federal Employees' Group Life Insurance Program</i>	<i>Federal Employees Health Benefits Program</i>	<i>Federal Employees Retirement System</i>	<i>Long Term Care Insurance Program</i>
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- November-December 2002 open season health benefits elections will be effective on January 1, 2003.
- FEHB withholdings and contributions must be prorated for the pay period that includes January 1, 2003 and subsequently when January 1 is not the first day of the first pay period beginning in January.

We wish to thank all agencies who had prepared to prorate withholdings and contributions for January 2002 and regret the inconvenience this change in policy may have caused them and their payroll offices. If you have any questions regarding this matter, we would prefer that you email us at finance@opm.gov, so that we may have a record of our communication. You may also phone us on (202) 606-0606.

A handwritten signature in black ink, appearing to read "Robert A. Yuran". The signature is fluid and cursive, with a long horizontal stroke at the end.

Robert A. Yuran, Chief
Financial Policy Staff