



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

Number: 02-909

Date: November 27, 2002

Subject: Federal Long Term Care Insurance Program: Important New Information on Leave Usage on November 29th and December 31st; More Information on the End of Open Season and Beyond

This letter provides important new information on leave usage on November 29th and December 31st that may impact a Federal Long Term Care Insurance Program (FLTCIP) applicant's effective date of coverage. We are also providing more information on the end of the Open Season, and what happens once we get beyond Open Season.

Important New Information on Leave Usage on November 29th and December 31st

Previously, we stated that employees whose applications for long term care insurance had been approved were required to be "actively at work" (pay and duty status) for at least 50% of their scheduled tour of duty on their last regular work day before the scheduled effective date of their coverage. This meant that coverage could be delayed for one month, or more, for employees with applications approved in November and December if they were on leave on November 29 or December 31, respectively.

In view of heavy leave usage on November 29th and December 31st, and in keeping with our objectives of being employee-oriented and family friendly, we have relaxed this actively at work requirement.

For this year only, coverage will not be delayed for employees in an approved leave status November 29th or December 31st as long as they return to being actively at work during the month when their coverage becomes effective and they pay their premium within established deadlines.

"Approved leave status" applies to any approved leave, including annual leave, sick leave, leave without pay and administrative leave.

*Civil Service
Retirement
System*

*Federal Employees'
Group Life
Insurance Program*

*Federal Employees
Health Benefits
Program*

*Federal Employees
Retirement
System*

*Federal Long
Term Care
Insurance
Program*

Employees, as all applicants, still have an affirmative obligation to contact Long Term Care Partners if their health changes in a way that would affect their answers to one or more questions on their long term care insurance application on the effective date of their coverage.

We made this change in response to employee and agency concerns about holiday leave usage toward the end of the Open Season, a period in which large numbers of employees have expressed interest in applying. We also recognize that this is the first FLTCIP Open Season.

This family-friendly policy affects only employees and members of the uniformed services applying with the abbreviated underwriting application and will not be repeated in the future or apply to leave usage other than on November 29th and December 31st. This revised policy demonstrates our commitment to responding to your comments and concerns about the FLTCIP.

Here are some examples of how this policy works:

- An employee approved for coverage with a scheduled effective date of December 1, 2002, will still have his/her coverage effective on December 1, even if he/she is on leave November 29th, as long as he/she returns to being actively at work sometime in December 2002.
- An employee approved for coverage with a scheduled effective date of January 1, 2003, will still have his/her coverage effective on January 1, even if he/she is on leave December 31, as long as he/she returns to being actively at work sometime in January 2003.

This change only affects employees using the abbreviated underwriting application. This new policy does not affect spouses of employees since they do not have an actively at work requirement. It also does not affect annuitants since they use the full underwriting application.

Here are the links to the information we posted on our website late last week on the new policy concerning relaxed actively at work requirements for employees with scheduled effective dates of December 1, 2002, or January 1, 2003:

The new policy:

<http://www.opm.gov/insure/ltc/active02.htm>

FAQs on the new policy:

http://www.opm.gov/insure/ltc/faq/open_season.htm#actively

Open Season Ending Date

Open Season ends on December 31, 2002. This is the last date that current employees and their spouses can request an abbreviated underwriting application. This is also the last date they can apply on-line. Although we are not encouraging late applications, Long Term Care Partners (LTCP) will accept abbreviated underwriting applications sent by

mail, fax or overnight service that it receives by January 31, 2003. Keep in mind that these applications must be in hand at LTCP by January 31 in order to be accepted; this is **not** a postmarked-by date. Information on this deadline will be communicated to persons who order an Open Season Information and Application Kit in December. The capability to submit an on-line Open Season application will end at midnight, December 31, 2002.

Website Banner

Since Open Season is quickly coming to a close, we are trying to encourage employees to visit the LTCP website to learn more about the Program, download an application, or apply for coverage on-line. We are asking that you help by placing a banner on your Intranet or Internet site that will lead employees to the LTCP website. Your agency webmaster should have received an email from our insurance programs webmaster about this banner. Your webmaster can download the banner from http://www.opm.gov/insure/ltc/images/lctfeds_banner.gif or http://www.opm.gov/insure/ltc/images/lctfeds_banner.zip and should link it to: <http://www.lctfeds.com/referrals/banner.html?source=2>.

We would appreciate your help in facilitating the posting of this banner as soon as possible. If you have any questions about the placement of this banner, you may contact LTCP's Brian Frankenfield at bfrankenfield@ltcpartners.com.

What Changes After Open Season Ends?

Three things change after Open Season ends:

- Current employees and their spouses who did not apply during Open Season must complete the full underwriting application for coverage.
- The July 1 "age freeze" will be lifted and premiums will be based on the applicant's age at the time LTCP receives his/her application.
- The alternative insurance plan will not be offered to current employees and spouses who do not qualify for the standard insurance package. They will be offered the service package. The alternative insurance package will be offered only in conjunction with the abbreviated underwriting application, available only to new hires and newly eligible employees and their spouses. (See our FAQs on the alternative insurance package on our web site at www.opm.gov/insure/ltc/faq/benefits.htm#3.07.)

Employees Returning to Pay Status after the Open Season

An employee returning to pay status after the end of Open Season will have 60 days from his/her return to apply for coverage with abbreviated underwriting. This only applies if the employee has been in nonpay status in aggregate for over one-half of the Open Season. An employee who has been actively at work for at least half of the Open Season has already had ample opportunity to get information about the Program and to apply for coverage without the need for this special provision. The abbreviated underwriting application will ask the employee to furnish the date he or she returned to pay status in order to track the 60-day window. The application must be sent to LTCP, postmarked or submitted on-line within 60

days of their return to pay status to receive the benefit of abbreviated underwriting. LTCP may ask the employee to furnish proof of the return to pay status.

New Hires and Newly Eligible Employees

New employees, employees in newly eligible positions, employees returning after a break in service of 180 days or more (and who were not eligible to apply during Open Season), and their spouses can apply using the abbreviated application within 60 days of becoming eligible to apply. After those 60 days, they would have to use the full underwriting application. The abbreviated underwriting application will ask the employee or spouse to furnish the employee's eligibility date in order to track the 60-day window. LTCP may ask the employee or spouse to furnish proof of the eligibility date.

LTCP will send you new hire brochures for you to distribute during the new hire orientation process. The brochures give a short overview of the Program, and direct the employee to contact LTCP for further information or to receive an application. Account managers at LTCP are currently contacting individual Open Season Implementation Coordinators to provide information and to record additional agency information concerning agency contacts for new employee and retirement coordination. They will be making arrangements to deliver your brochures for all post-open season activity.

You should also give this brochure to current employees who become newly eligible to apply for this Program. This includes temporary employees who have completed one year of current continuous employment, and employees who had switched from a position that did not convey eligibility for this Program and the FEHB Program to a position that conveys eligibility for these Programs. (In general, employees in positions that convey eligibility for the FEHB Program are eligible to apply for this Program. See BAL 02-907 for further discussion of eligibility.) This also includes members of the uniformed services who become eligible because they complete at least 30 days in an active duty status.

Please remind these employees that they must take action to receive more information and an application on this Program, and that the application must be sent to LTCP, postmarked or submitted on-line within 60 days of their eligibility date to receive the benefit of abbreviated underwriting. Since they do have a brief window of opportunity, you should encourage them to request information from LTCP as quickly as possible and remind them that, unlike their other benefit offerings, the application is sent to LTCP, not the employing office.

What if a new employee misses this 60-day period?

The employing office may authorize a belated new employee application when an employee can show that he/she was unable, for causes beyond his/her control, to submit an application within the initial 60-day eligibility period. The employing office must make this determination within 6 months from the first day the employee became eligible. The employing office must make this authorization in writing so that the employee can submit that documentation with his/her application.

We suggest the following wording for the authorization:

“(Employee’s name) became eligible for FLTCIP on (date). We have determined that (employee’s name) was unable to submit an abbreviated underwriting application during the 60-day eligibility period because (give specific reason why).”

An employing office official should sign and date the authorization and give a copy to the employee. Retain a copy for your records in case LTC Partners has a question about the authorization.

The employing office should use this authority sparingly, only in instances where the cause for not submitting an application was truly outside the employee’s control. An example is when you can positively verify that an employee was not made aware of the Program until after the initial eligibility period was over.

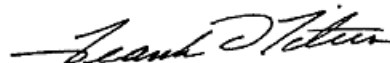
Role of Implementation Coordinators after Open Season

We have, with your help, successfully implemented the Federal Long Term Care Insurance Program. However, we will continue to need your support after the Open Season in several ways:

- Distributing new hire brochures and highlighting the limited availability of abbreviated underwriting during new hire orientation
- Advising current employees interested in the Program that they can still apply with full underwriting and directing them to the LTCP web site and toll-free number
- Providing information on FLTCIP to pre-retirees (LTCP will be providing more details on this shortly)
- Distributing occasional poster, flyer, and email reminders about the Program

Thank You!

Finally, we’d like to say a big “thank you” to all of you who have worked so diligently to make the first FLTCIP Open Season a big success! We’ve asked a lot of you and you have responded. We appreciate all that you have done to get the word out to your employees, from putting up posters, distributing flyers, sending email messages, hosting Program educational meetings, to showing the satellite broadcasts. We couldn’t have done it without you.



Frank D. Titus
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for Long Term Care