United States

Office of
Personnel Management
The Federal Government's Human Resources Agency

Benefits Administration Letter

Number: 10- 201 **Date: September 10, 2010**

Subject: Changes for Federal Benefits Programs under the Affordable Care Act

On March 23, 2010, President Obama signed the Affordable Care Act, (ACA), Public Law 111-148. Several provisions of the ACA will affect eligibility and benefits under the Federal Employees Health Benefits (FEHB) Program and Federal Flexible Spending Account Program (FSAFEDS) beginning January 1, 2011. The purpose of this letter is to provide information that will assist you in implementing these changes and counseling employees. Please distribute Attachment I to all employees immediately to notify them of these changes.

Federal Employees Health Benefits (FEHB) Program

Changes in Dependent Eligibility Rules

What are the changes to FEHB Program dependent eligibility rules under the ACA?

As a result of the ACA, children are covered under their parent's FEHB health plan's Self and Family enrollment until age 26.

The law:
- Allows married children to be covered;
- Removes residency requirements;
- Removes dependency requirements; and
- Does not require children to be students or have prior or current insurance coverage to be placed on their parent's Self and Family enrollment.

This provision is effective on January 1, 2011. Below is a summary of the changes to FEHB dependent requirements:

Children	Effect of ACA
Between ages 22 and 26	Children between the ages of 22 and 26 are covered under their parent's Self and Family enrollment up to age 26.

Children (Cont.)	Effect of ACA (Cont.)
Married Children	Married children (but **NOT** their spouses or their own children) are covered up to age 26. This is true even if the child is currently under age 22.
Children with or eligible for employer-provided health insurance	Children who are eligible for or have their own employer-provided health insurance are eligible for coverage up to age 26.
Stepchildren	Stepchildren do not need to live with the enrollee in a parent–child relationship to be eligible for coverage up to age 26.
Children Incapable of Self-Support	Children who are incapable of self-support because of a mental or physical disability that began before age 26 are eligible for continued coverage.
Foster Children	Foster children are eligible for coverage up to age 26.

The Guide to Federal Benefits, the OPM website, enrollment forms, and the FEHB Handbook will be updated to reflect these changes.

What does an individual need to do to cover a child who is now eligible?

If enrollees currently have a Self and Family enrollment and do not change to another health plan or option during Open Season, their newly eligible children will be covered beginning January 1, 2011. Enrollees should contact their FEHB plan to provide information on the newly eligible child or children. The individual does not complete an SF 2809 or use an agency self-service enrollment system to add a child to an existing Self and Family enrollment.

Enrollees who currently have a Self Only enrollment and have newly eligible children must change enrollment from Self Only to Self and Family to cover the newly eligible children. Individuals must use an SF 2809 or an agency self-service enrollment system to make this change.

Individuals who are not currently enrolled and want FEHB coverage for newly eligible children must enroll in Self and Family coverage. Individuals must use an SF 2809 or an agency self-service enrollment system to make this change.

How can individuals enroll or change enrollment so that their newly eligible children are covered January 1st?

Be aware: The effective date of coverage for your newly eligible children depends upon the event used to enroll or change enrollment.

If the individual is paid biweekly (this applies to most Federal employees) or is an Office of Workers' Compensation (OWCP) recipient, and the individual wants their children covered on January 1, 2011, the individual must enroll or change enrollment as a "change in family status" qualifying life event (QLE). The qualifying life event code to use on the SF 2809 is '1C' for employees,'2B' for OWCP recipients, and '5C' for employees not participating in premium conversion.

The individual may change enrollment from 31 days before to 60 days after January 1, 2011 under the "change in family status" QLE. The enrollment change to Self and Family will take effect on the first day of the pay period that includes January 1, 2011; therefore the child or children will be covered as an eligible family member(s) effective January 1, 2011. If enrollees make QLE changes after January 1, 2011, the coverage will be retroactive to January 1, 2011 and the enrollee will be required to pay retroactive premiums back to the effective date of the enrollment change.

For United States Postal Service employees, Temporary Continuation of Coverage (TCC) enrollees, former spouses and CSRS/FERS annuitants, an enrollment or change in enrollment made either as a "change in family status" QLE or Open Season change will provide coverage of eligible children on January 1, 2011. This is also true for other agencies with a pay period that begins on January 1, 2011.

What is the effective date of coverage for a newly eligible child if an individual's enrollment or change in enrollment is made during Open Season?

If the individual makes an Open Season change, that change takes effect on the first day of the first pay period that begins in 2011. For most employees, the change will be **January 2, 2011**. For the Office of Workers' Compensation, it will be **January 16, 2011**. For a few other agencies, the date may be different.

How does this affect eligibility for Temporary Continuation of Coverage (TCC)?

Children who lose coverage due to reaching age 26 are eligible for TCC for up to 36 months, even if they previously had TCC.

A child of an FEHB enrollee who is under age 26 and currently enrolled under Temporary Continuation of Coverage (TCC) may no longer need TCC enrollment since that child will be covered under their parent's Self and Family enrollment.

Once the TCC enrollee is assured of coverage under his or her parent's Self and Family enrollment, he or she may want to cancel the TCC enrollment. To cancel the TCC, the enrollee must contact the National Finance Center at:

USDA, National Finance Center
DPRS Billing Unit
PO Box 61760
New Orleans, LA 70161-1760

If individuals have additional questions, they may contact the National Finance Center at 800-242-9630 or nfc.dprs@usda.gov.

Will enrollees receive information from their FEHB Program plans on these changes?

Yes, FEHB Program plans will send notice to all enrollees of the coverage eligibility changes as a part of their Open Season communications.

Health Plan Benefit Changes

What is a grandfathered health plan under the ACA?

The Affordable Care Act requires that health plans include certain consumer protections and benefits coverage that affect some FEHB plan benefits for 2011. All plans in the FEHB Program have complied with all required provisions. However, certain protections and coverage terms depend upon whether the plan is considered a "grandfathered health plan" under the Act.

A grandfathered health plan may preserve basic health coverage that was in effect when the law was enacted. If an FEHB plan indicates that it is a grandfathered plan that means certain benefit features including cost sharing, premium payments and covered services have not significantly changed from last year.

While grandfathered health plans must comply with certain benefit requirements under the ACA, being a grandfathered plan also means that plan may not have included all benefit protections and coverage terms that apply to other plans. Information on a plan's specific benefit changes under the ACA will be available in the plan's brochure.

How does the ACA affect benefits for high deductible health plans?

Beginning January 1, 2011, currently eligible over-the-counter (OTC) products that are medicines or drugs will not be eligible for reimbursement from Health Savings Accounts (HSA) or Health Reimbursement Arrangements (HRA) – unless – enrollees have a prescription for that item written by their physician. The only exception is insulin - individuals will not need a prescription from January 1, 2011 forward. Other currently eligible OTC items that are not medicines or drugs will not require a prescription.

Effective January 1, 2011, the 10% penalty for non-eligible medical expenses paid from an HSA will increase to 20%.

Federal Flexible Spending Account Program (FSAFEDS)

How Does the ACA Affect FSAFEDS?

Coverage of Over-the-Counter Medicines or Drugs

Beginning January 1, 2011, currently eligible over-the-counter (OTC) products that are medicines or drugs will not be eligible for reimbursement from a Health Care FSA – unless – the enrollee has a prescription for that item from a physician. The only exception is insulin –

enrollees will not need a prescription. Enrollees will only be reimbursed for eligible OTC medicines and drugs purchased **before** January 1, 2011 and submitted on or before April 30, 2011.

Other currently eligible OTC items that are not medicines or drugs will not require a prescription in 2011.

Expanded Coverage for Your Child's Eligible Health Care Expenses

Beginning January 1, 2011, an employee enrolled in FSAFEDS may request reimbursement for eligible health care expenses incurred by a natural child, stepchild, adopted child, eligible foster child, or a child who is placed with the employee for legal adoption. The child does not need to reside with the employee or qualify as the employee's tax dependent. Prior to January 1, 2011, eligible children were limited to those who you could claim as dependent(s) on your Federal Tax return.

The ACA has also extended the age of a child who may incur eligible expenses under an employee's Health Care FSA. Expenses of an employee's child are covered through the taxable year prior to the taxable year in which the child turns age 27. This means the child's health care expenses are not eligible for reimbursement during the entire taxable year in which the child turns age 27. For example, enrollees cannot be reimbursed for expenses incurred by a child who turns 27 anytime in 2011.

The ACA does not affect Dependent Care FSAs.

Need more information? Call FSAFEDS at 1-877-372-3337/ TTY 1-800-952-0450.

Other Federal Benefits Programs

Other Federal benefits programs are not affected by the Affordable Care Act for 2011. The Act has made no changes to the Federal Employees Dental and Vision Insurance Program (FEDVIP), the Federal Employees' Group Life Insurance Program (FEGLI) or the Federal Long Term Care Insurance Program (FLTCIP). Health care reform does not extend coverage for children until age 26 or provide coverage for married dependent children under these programs.

Please visit www.opm.gov/insure for the most up-to-date information. We appreciate your assistance in informing employees of this change in FEHB eligibility and FSAFEDS benefits.

Sincerely,

William Zielinski
Associate Director
for Retirement and Benefits