United States
Office of Personnel Management
Retirement and Insurance Service

Benefits Administration Letter

Number: 97-405 Date: October 9, 1997

Subject: 1997 Federal Employees Health Benefits (FEHB) Program Open Season: Notice to Employees

---

GENERAL

This Letter contains a sample announcement for agencies to use to notify their employees of the upcoming FEHB open season, and instructions to agencies concerning the notification.

REQUIRED LANGUAGE

1. Office of Management and Budget (OMB) - The Office of Management and Budget has asked that OPM advise agencies to include the following statement in the agencies' notices to employees about open season:

> Please note that information you provide by enrolling in the Federal Employees Health Benefits Program may also be used for computer matching with Federal, State, or local agencies' files to determine whether you qualify for benefits, payments, or eligibility in the Federal Employees Health benefits program, Medicare, or other Government benefits programs.

2. Temporary Continuation of Coverage (TCC) - The FEHB law requires that before open season, all employees eligible for FEHB, whether enrolled or not, be notified of their rights under temporary continuation of coverage. We have included language about TCC in our suggested announcement. If you prepare your own open season announcement, be sure to include this TCC language.

NOTICE TO EMPLOYEES

Agency Responsibility - Agencies and installations must inform their employees and participating former spouses and TCC enrollees, in advance, of the dates and purpose of open season. The following is a suggested announcement which adapted for publication by the most efficient means:

SUGGESTED ANNOUNCEMENT

SUBJECT: 1997 Health Benefits Open Season

A Federal Employees Health Benefits (FEHB) open season will be held from November 10 through December 8, 1997.

During open season, any eligible employee who is not currently registered may enroll, and any eligible enrollee may change from one plan or option to another, from self only to self and family, or make a combination of these changes.

Enrollees who wish to continue their current enrollments do not need to take any action during this open season. However, enrollees whose plans will not be participating in the FEHB Program after December 31, 1997, or whose plans dropped a enrollment code, **must** enroll in a different plan to continue FEHB coverage in 1998. (See attached lists of terminating plans and codes.) *[If you don't attach the list, include the names of the terminating plans within the text of your announcement.]*

There are three basic types of plans available under the FEHB Program:

1. **Managed Fee-for-Service Plans** - These plans reimburse you or your health care provider for covered services after the services are received. If you enroll in one of these plans, you may choose your own physicians, hospitals, and other health care providers.

These plans are considered "managed" because they all contain features such as precertification of hospital admissions and utilization review of ongoing care. In addition, most of the fe-for-service plans have preferred provider arrangements in many parts of the country. By using preferred providers, you can reduce your out-of-pocket expenses, and in some cases, receive enhanced benefits.

Fee-for-service plans include the Blue Cross Blue Shield Service Benefit Plan and plans sponsored by unions and other employee organizations. Several employee organization plans are open to all eligible employees who are full or associate members of the organizations that sponsor the plans; other employee organization plans are restricted to certain groups and/or agencies. (See the employee organization plan brochures for information about membership requirements and membership dues, which are in addition to your biweekly or monthly premiums.)

2. **Health Maintenance Organization Plans (HMOs)** - These plans provide a comprehensive array of medical services, emphasizing prevention and early detection of disease, through contracted physicians, hospitals, and other providers in particular locations.

Each HMO is open to employees within the plan's enrollment area. You cannot enroll in an HMO if you are located outside its enrollment area. Refer to the plan's brochure if you have any questions about the enrollment area.

3. **Plans Offering a Point of Service (POS) Product** - Some FEHB plans have begun to blend their features. A number of fee-for-service and HMO plans now offer both forms of health care delivery, known as "in network" and "out of network." In an HMO that offers a POS product, the POS product acts like a fee-for-service plan: The HMO's enrollees may use non-affiliated (out of network) providers if they wish, but the services will cost them more--in terms of deductibles and coinsurance--than if they used plan providers.

In a fee-for-service plan with a POS product, the POS product acts like an HMO: If they agree to let their medical care be managed by a plan-affiliated gatekeeper physician (in network), plan enrollees will get a ***better*** benefit, usually in the form of richer benefits and lower copays or coinsurance.

Before open season begins, your current health plan will send you a copy of its brochure and a notice of its 1998 rates. **If you are enrolled in an HMO, be sure to review the brochure carefully to see if there are any changes in the plan's service area which would require any action on your part.**

If you are considering enrolling or making an enrollment change, contact *[location]* to obtain a copy of the 1998 Guide to Federal Employees Health Benefits Plans. The FEHB Guide contains a comparison chart that gives general information about each plan and shows the biweekly and monthly premium rates, as well as detailed results of the 1997 Customer Satisfaction Survey and the National Committee for Quality Assurance (NCQA) accreditation status of those plans that took the initiative to seek NCQA review.

Do not rely solely on the FEHB Guide when deciding whether to enroll in or change enrollment to a specific plan. If, after reviewing the FEHB Guide, you decide you are interested in making an enrollment change, consult the plan's brochure for a complete description of benefits.

Brochures for all plans will be available for your inspection at *[location]*. Due to the limited quantity available, please return the brochures after you have reviewed them. If you change health plans, however, you may keep the brochure for that plan.

Note: A number of plans will have significant benefit and rate changes in 1998. Be sure to read the Guide and the brochures carefully before you decide to change plans or stick with the one you have.

[Agencies whose employees have access to the brochures via OPM ONLINE (202-606-4800) or OPM's Website (http://www.opm.gov) should provide information about using those systems.]

How to enroll or make an enrollment change during open season:
Employees who wish to enroll or change their enrollment must complete a Health Benefits Registration Form [Standard Form (SF) 2809]. These forms are available from the *[name and room number of appropriate office]* and must be completed and submitted to that office prior to the close of business on the last day of open season. We ask your assistance in making desired changes as early as possible during open season.

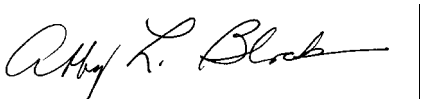
[Agencies whose employees have access to Employee Express to make open season changes should provide information about using the system.]

New enrollments and changes to current enrollments elected during open season generally will become effective January *[first day of the first pay period beginning on or after January 1, 1998]*. If you change plans, any covered expenses incurred between January 1, 1998, and the effective date of the open season change will count toward the 1997 deductible of the plan you are changing from.

Temporary Continuation of Coverage (TCC): You should be aware that if you leave Federal employment, you will probably be eligible for TCC (unless you are separated for gross misconduct). TCC can continue for up to 36 months for dependents who lose eligibility as family members under your enrollment. This includes spouses who lose coverage because of divorce and children who lose coverage because they marry or reach age 22.

TCC enrollees must pay the total plan premium (without a Government contribution) plus a 2% charge for administrative expenses. There are specific time frames in which you or your dependent must enroll for TCC. Contact your personnel office for a copy of RI 79-27 for more information.

Please note that information you provide by enrolling in the Federal Employees Health Benefits Program may also be used for computer matching with Federal, state, or local agencies' files to determine whether you qualify for benefits, payments, or eligibility in the Federal Employees Health Benefits Program, Medicare, or other Government benefits programs.



Abby L. Block, Chief
Insurance Policy
and Information Division