



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

Number: 99-210

Date: April 29, 1999

Subject: Federal Employees' Group Life Insurance: Public Law 105-311- Portability

GENERAL INFORMATION

Background

Pub. L. 105-311, Federal Employees Life Insurance Improvement Act, enacted October 30, 1998, made numerous changes to the Federal Employees' Group Life Insurance (FEGLI) Program. One of these changes is a 3-year demonstration project allowing the portability of Option B.

Purpose

The purpose of this Benefits Administration Letter (BAL) is to provide information regarding portability.

PORTABILITY

What Is Portability?

Portability is the ability to continue (or to "port") coverage that would otherwise terminate.

When Does the Portability Provision Go into Effect?

Portability becomes effective April 24, 1999.

This means that employees who separate on or after April 24, 1999, and employees who complete 12 months in nonpay status on or after April 24, 1999, will be able to port their Option B coverage.

What Coverage Can Be Ported?

Only Option B can be ported. Basic insurance, and Option A and Option C coverage cannot be ported.

Who Is Eligible to Port Option B?

There are 2 requirements for porting Option B coverage:

- The employee's FEGLI must be terminating due to separation from service or completion of 12 months in nonpay status, *and*
- The employee must meet the 5-year/first opportunity requirement (i.e., the employee either must have had the coverage for the 5 years immediately preceding the separation or completion of 12 months in nonpay status or must have had the coverage for the entire time he/she was eligible, if that's less than 5 years)

If the employee has assigned his/her coverage, it is the assignee who has the right to port.

Special Note Regarding Compensationers

Compensationers remain insured as employees until separation or the completion of 12 months in nonpay status. At the end of 12 months in nonpay status, a compensationer can continue insurance as a compensationer if the individual meets the 5-year/first opportunity requirement *as of the date he/she began receiving compensation*. The 12 months in nonpay status cannot be used to meet the 5-year/first opportunity requirement.

If the compensationer doesn't meet the 5-year/first opportunity requirement, insurance normally terminates at the end of the 12 months in nonpay status. However, those 12 months in nonpay status *can* be used to meet the 5-year/first opportunity requirement for portability. If using the 12 months in nonpay status does allow a compensationer to meet the 5-year requirement, the compensationer will be able to port Option B; other FEGLI coverage will still terminate.

How Much Option B Can a Person Port?

A person can port the highest number of multiples that meet the 5-year/first opportunity requirement.

A person can also choose to port a lesser number of multiples.

Can a Person Change the Amount of Option B That He/She Ported?

A person with ported coverage can reduce the number of multiples, but he/she cannot increase the number of multiples.

An individual who wishes to reduce the number of multiples can do so by writing to Metropolitan Life Insurance Company (MetLife) at:

Metropolitan Life Insurance Company
Voluntary Benefits Group
Administrative Services
P.O. Box 2006
Aurora, IL 60507

The letter must include the full name of the insured, his/her Social Security Number, and a phone number.

This action is a voluntary cancellation of those multiples and may affect the amount of insurance the person will have if he/she returns to Federal service.

If the insurance has been assigned, only the assignee can cancel multiples.

How Much Does the Ported Option B Cost?

The cost of the ported Option B is the same as the cost of Option B for active employees. There is also a \$1.75 per month administrative fee.

Will Salary Changes Affect the Amount of Coverage for an Employee in Nonpay Status?

No. Unlike what happens for an active employee or an employee during the first 12 months of nonpay status, salary changes will have no effect on the amount of ported Option B coverage.

Does the Ported Coverage Reduce When the Person Reaches Age 65?

No. Ported coverage works differently from the coverage carried as an active employee.

Ported coverage *reduces by 50%* at the beginning of the 2nd calendar month after the individual reaches *age 70*.

Ported coverage *stops* at the beginning of the 2nd calendar month after the individual reaches *age 80*. The person will then have the 31-day extension of coverage and right to convert.

What Happens to the Premiums When the Coverage Reduces at Age 70?

When the coverage reduces to 50% at age 70, the premium is also reduced. The individual will pay premiums only on the amount of coverage that is still in effect.

What If the Person Is Already 70 or Older When He/She Ports?

If the person is already 70 or older at the time he/she ports Option B coverage, the 50% reduction will take place the 2nd month after the effective date of the ported coverage.

If the person is already 80 or older, the ported coverage will terminate the 2nd month after the effective date. Such an employee may want to consider converting, instead of porting, since the ported coverage would not last very long.

What about Designations of Beneficiary?

If an individual has a valid designation of beneficiary on file at the time he/she ports Option B coverage, that designation remains in effect.

Individuals with ported coverage may change designations under the same rules that apply to active employees.

Persons with ported coverage may obtain the designation of beneficiary form (SF 2823) from MetLife. They must file their designations with MetLife at the address given earlier.

The SF 2823 is also available on the FEGLI web page: www.opm.gov/insure/life.

What about Court Orders?

If the employing office received a valid court order on or after July 22, 1998, that court order remains valid for the ported coverage.

Anyone wishing to send in a court order after Option B has been ported must send it to MetLife at the address given earlier.

What about Assignments?

If the coverage was assigned before the employee separated or completed 12 months in nonpay status, only the assignee(s) can port the coverage. The assignment remains in effect.

If an individual who has ported coverage wishes to make an assignment, he/she may do so.

Persons with ported coverage may obtain the assignment form (RI 76-10) from MetLife. They must submit the form to MetLife at the address given earlier.

The assignment form is also available on the FEGLI web page.

What Happens When the Demonstration Project Is Over in 3 Years?

The 3-year demonstration project comes to an end in April 2002. At that time, if the project is not renewed or made permanent, MetLife will notify those who have ported their coverage that the coverage is terminating. The individuals will have the 31-day extension of coverage and the opportunity to convert.

PORTABILITY - APPLICATION AND PROCESSING PROCEDURES

New Form Pending

Currently, when an employee separates or completes 12 months in nonpay status, agencies must prepare an SF 2819 (Notice of Conversion Privilege) and SF 2821 (Agency Certification of Insurance Status) and give them to the employee (or assignee).

We are preparing a new form that will combine the information from the SF 2819 and SF 2821 and will also include information for portability. When the new form (the SF 2825) is ready, we will send detailed instructions for using it.

What Does the Agency Have to Do for Portability until the New Form is Ready?

Until the new form is available, you must use the attached Portability Notice. You must complete Part A of the Portability Notice and give the Notice to all employees with Option B whose coverage is terminating due to separation or completion of 12 months in nonpay status.

What Are the Time Frames for Porting Option B?

Employees whose coverage is terminating and who want to port their Option B coverage must apply within 31 days of the terminating event. ***It is therefore critical that employing offices give the Portability Notice to these employees immediately. There is no extension beyond the 31-day period for these individuals to make a portability election.***

The same time frames also apply to assignees who wish to port Option B coverage.

What Does the Individual Have to Do with the Portability Notice?

If the employee (or the assignee) wants to port Option B coverage, he/she must complete Part B of the Portability Notice and send or give it to his/her employing office.

The individual must also send a copy to MetLife, at the address on the form.

How Will It Be Determined If the Portability Notice Is Submitted on Time?

The employing office must receive the Portability Notice by the 36th day after the terminating event (or by the 50th day after the terminating event, if the individual lives overseas).

What Must the Agency Do When It Receives a Portability Notice?

When you receive a Portability Notice, you must date-stamp it, so that the date of receipt can be verified. If you receive the Portability Notice on time, you must complete an SF 2821 and send it to MetLife at the address shown on the Notice. You must do this within 60 days of the date you receive the Portability Notice. (Flag the OPF in some way, in case the individual later returns to active Federal service.) Along with the SF 2821, you must send all designations, assignments, and court orders.

If you do not receive the Portability Notice on time, notify the employee or former employee that he/she is not eligible to port Option B. However, during the initial few weeks of the demonstration project, we ask that you be lenient in applying the application time frames.

Does a Person with Ported Coverage Have Any Reconsideration Rights?

Yes. A person who ports coverage has the same reconsideration rights as anyone else with FEGLI coverage. The person's agency is responsible for doing reconsiderations.

If the individual requests a reconsideration, the agency must check with MetLife to find out whether they received their copy of the Portability Notice on time. If MetLife received the Portability Notice within the proper time frames, the individual is eligible to port, even if the employing office didn't receive its copy on time.

What Will MetLife Do When It Receives the

When MetLife receives a Portability Notice, it will send the individual a confirmation letter. Once MetLife has all the

Portability Notice?

information it needs to process the portability application, it will set up a file and send the individual a bill for the premium payment. The individual must pay the bill within 31 days of receipt (45 days if the person lives overseas); if the individual does not make payment, he/she will not have coverage.

When Does the Person's Ported Coverage Become Effective?

If the individual meets the eligibility requirements, the ported coverage continues directly from the coverage carried as an active employee. For example, if the employee's coverage would terminate 8/14/99, the ported coverage would begin as of 8/15/99.

What Happens If a Person with Ported Coverage Doesn't Make the Premium Payments on Time?

If a person with ported coverage doesn't make a premium payment by the due date, MetLife will send out a past due notice. If MetLife doesn't receive the payment within 15 days of the date of the past due notice (29 days if the person lives overseas), Option B coverage will be cancelled. *There is no reinstatement right.*

Does MetLife Have a Phone Number for Persons with Ported Coverage?

Yes. Persons with questions regarding portability can call MetLife at 1-800-936-4792.

RETURN TO ACTIVE FEDERAL SERVICE

What Happens If a Person Who Ported Option B Returns to Federal Service?

When an individual returns to Federal service, the agency must call MetLife at 1-800-936-4792 to notify them of the individual's return to service. (This is why the OPF must be flagged, indicating that the employing office sent an SF 2821 to MetLife for ported coverage.)

If the individual does have ported coverage, MetLife will terminate that coverage and send all designations, assignments, and court orders to the employing office. MetLife will also notify the employing office if the person reduced the number of multiples or if the insurance was cancelled for nonpayment of premiums.

What Option B Coverage Will the Person Get When He/She Returns to Service?

The employee will get back the number of multiples of Option B he/she had before the terminating event. (An employee who has been separated from service at least 180

days can also elect more FEGLI coverage, if he/she had previously waived some coverage.)

EXCEPTIONS:

- A person who cancelled a multiple or multiples of Option B coverage after porting will only get back the number of multiples remaining. Whether or not he/she can increase the number of multiples depends on the person's status as follows:
 - A previously separated employee can increase the number of multiples if it's been at least 180 days since he/she cancelled the multiples.
 - For an employee in nonpay status who was never separated, the waiver of those multiples remains in effect. The employee cannot make an election of Option B coverage unless he/she has a life event or a physical exam (or unless there's an open enrollment period).
- A person whose ported coverage was cancelled for nonpayment of premiums will not get back any Option B coverage. Whether or not he/she can elect Option B coverage depends on the person's status as follows:
 - A previously separated employee can make an election of Option B coverage if it's been at least 180 days since the ported coverage was cancelled.
 - For an employee in nonpay status who was never separated, the waiver of coverage remains in effect. The employee cannot make an election of Option B coverage unless he/she has a life event or a physical exam (or unless there's an open enrollment period).

What about Designations and Assignments?

Designations and assignments are automatically cancelled 31 days after the individual stops being insured. However, in the case of an individual who ports his/her Option B, any designation or assignment remains valid, since not all of the insurance has terminated.

If an individual with ported coverage returns to Federal service, any designation or assignment remains valid. FEGLI

coverage obtained by returning to service is therefore subject to the designation or assignment.

When it receives notification of an individual with ported coverage returning to service, MetLife will send any designations and assignments (and court orders) to the employing office.



Abby L. Block, Chief
Insurance Policy
and Information Division

Attachment

PORTABILITY NOTICE

PART A - To Be Completed by Employing Agency

1. _____
Name of Employee
2. _____
Date of Birth
3. _____
Social Security
Number
4. _____
Number of Multiples of Option B
the Employee Has
5. _____
Amount of Coverage in Each Multiple (annual
basic pay rounded up to the nearest thousand)
6. _____
Date of Terminating Event
7. _____
Name of Agency Official to Contact
for Additional Information
8. _____
Phone Number of Agency Official
9. _____
Fax Number of Agency Official
-

PART B - To Be Completed by Employee (or Assignee)

Have you assigned your life insurance? _____ Yes _____ No

NOTE: If you have assigned your insurance, you cannot port your Option B coverage. Only your assignee has the right to port your coverage. Give this Portability Notice to your assignee(s).

I choose to port (continue) _____ multiples of the Option B coverage described above. I understand that if I do not make premium payments on time, the coverage will be cancelled and cannot be reinstated.

Signature of Employee (or Assignee, if applicable)

Date

INSTRUCTIONS TO EMPLOYEE/ASSIGNEE

If you want to port your Option B coverage, complete Part B of this Portability Notice and *send or take it to your agency employing office.*

Also send a copy to:

Metropolitan Life Insurance Company
Voluntary Benefits Group
Administrative Services
P.O. Box 2006
Aurora, IL 60507

If you have received the SF 2821 (Agency Certification of Insurance Status), also send that form to MetLife. If you have not received the SF 2821, do not delay in sending this Notice.

Your employing office must receive the Portability Notice within 36 calendar days from the date of the terminating event shown in #6 on the previous page (50 days, if you live overseas). There are no extensions to this deadline.

COST

The cost of your ported Option B coverage is the same as what you've been paying as an employee, as shown in the chart below.

1999 RATE CHART

Employee's Age	Monthly Cost per \$1,000 of Coverage
Under 35	\$0.065
35 through 39	\$0.087
40 through 44	\$0.130
45 through 49	\$0.217
50 through 54	\$0.325
55 through 59	\$0.672
60 and over	\$1.517

For ported coverage there is also a \$1.75 per month administrative fee.

If you have any questions concerning your ported coverage, you may call MetLife at 1-800-936-4792.