



Benefits Administration Letter

Number: 13- 204(a)

Date: November 4, 2013

Subject: Operational Issues Concerning the Final Rule for the Federal Employees Health Benefits Program Regarding Members of Congress and Congressional Staff

I. Background

This letter explains the operations and operational issues related to the implementation of the Office of Personnel Management's (OPM) final rule to amend the Federal Employees Health Benefits (FEHB) Program regulations regarding health coverage for Members of Congress and congressional staff. The final rule amends FEHB Program regulations to comply with Section 1312 of the Patient Protection and Affordable Care Act, Public Law 111-148, as amended by the Health Care and Education Reconciliation Act, Public Law 111-152 (the Affordable Care Act or the Act).

Specifically, this letter discusses:

- The rule's declaration that Members of Congress and designated congressional staff must enroll in an appropriate Small Business Health Options Program (SHOP) as determined by the Director of OPM in order to receive a Government contribution towards health coverage;
- The Government contribution and how it will be calculated;
- Eligibility rules for family members for coverage under the SHOP plans purchased by Members of Congress and designated congressional staff;
- The business processes to be used by the House of Representatives and Senate Administrative Offices for eligibility, enrollment, and premium collection and payment for health coverage in 2014;
- Recurring business processes to be used by the House of Representatives and Senate Administrative Offices for eligibility, enrollment, and premium collection and payment for health coverage;
- Whether the 31-day temporary extension of health coverage applies to Members of Congress and designated congressional staff and their eligible family members;
- Whether temporary continuation of coverage (TCC) applies to Members of Congress and designated congressional staff and their eligible family members;
- The process for carrying health coverage into retirement; and

- OPM resources that will help guide the House of Representative and Senate Administrative Offices.

II. Small Business Health Options Program (SHOP)

The Small Business Health Options Program (SHOP) was established by the Affordable Care Act and administers group health benefits to employees of qualified employers. Current FEHB health plan enrollment for Members of Congress and designated congressional staff will terminate at midnight on December 31, 2013. If an affected employee chooses not to enroll in an appropriate SHOP, an additional 31 days of coverage is included after the termination date at no cost to the enrollee. Members of Congress and designated congressional staff who choose to purchase health insurance via the appropriate SHOP as determined by the Director of OPM may do so during the initial open enrollment period with an effective date of January 1, 2014 and the 31-day extension of coverage will not apply.

Given the location of Congress in the District of Columbia, OPM has determined that the DC SHOP, known as the DC Health Link Small Business Market (DC SHOP) administered by the DC Health Benefit Exchange Authority, is the appropriate SHOP from which Members of Congress and designated congressional staff will purchase health insurance in order to receive a Government contribution. Members of Congress and designated congressional staff will have the same open enrollment period as other Federal employees. The Federal Benefits Open Season for 2014 will be November 11 to December 9, 2013. When open enrollment begins on November 11, Members of Congress and designated congressional staff can register in the DC SHOP and select coverage.

III. Government Contribution

The final rule extends a Government contribution towards health benefits plans for Members of Congress and designated congressional staff so long as the health benefits plans are purchased via the appropriate SHOP as determined by the Director of OPM. Nothing in the final rule or the law prevents a Member of Congress or designated congressional staff from declining a Government contribution for him or herself by choosing a different option outside of the DC SHOP for his or her health insurance coverage.

The formula for Government contributions is set forth in 5 U.S.C. § 8906. The Government contribution for Members of Congress and designated congressional staff will be based on the same formula as used for other Federal employees. The Government contribution equals the lesser of: (1) 72 percent of amounts OPM determines are the FEHB program-wide weighted average of premiums in effect each year, for Self Only and for Self and Family enrollments, respectively, or (2) 75 percent of the total premium for the particular SHOP plan an enrollee selects.

In September of each year, OPM determines the results of (1) above. For 2014, the monthly dollar amounts for (1) above for non-postal employees and annuitants are \$426.14 for the Self Only option and \$948.18 for the Self and Family option.

The House of Representatives and Senate Administrative Offices (Administrative Offices) will be responsible for engineering their own processes for utilizing the Government contribution formula because the FEHB Government contribution formula was not incorporated into the initial design of the DC Health Link website for the Small Business Market. The Administrative Offices will receive a monthly invoice from the DC SHOP that will provide full premium amounts for plans chosen by Members of Congress and designated congressional staff. The Administrative Offices will use the premium amounts from the invoice to drive the calculation of Government contributions and payroll deductions.

In addition, OPM created a Premium Contribution Calculator (www.opm.gov/healthcare-insurance/changes-in-health-coverage/eligibility-enrollment/#url=Members-of-CongressStaff) that Members of Congress and designated congressional staff will use to determine their share of premiums and the Government contribution when shopping for plans.

Members of Congress and designated congressional staff will participate in premium conversion, which allows their premium contributions to be taken from their salary before taxes. Members of Congress and designated congressional staff may waive premium conversion.

IV. Eligible Family Members

FEHB rules for eligible family members apply to Members of Congress and designated congressional staff choosing health coverage on the DC SHOP. This is true regardless of the eligible family member relationships listed on the DC Health Link website. For more information on eligible family members, please visit www.opm.gov/healthcare-insurance/healthcare/eligibility/#url=Dependents.

V. Business Processes for Eligibility, Enrollment, and Premium Collection and Payment for 2014 Coverage

A. Designation

The business process begins for the Administrative Offices when House leadership and the Senate Administrative Office issue initial guidance to Members of Congress and congressional staff regarding OPM's final rule. Members of Congress will determine which of their staff members work in the official office. Members may delegate this responsibility to the Administrative Offices. Those staff members that are designated as working in the official office must choose health plans from the DC SHOP.

The Administrative Offices will compile the list of designated employees for coverage under the DC SHOP and create a census list of eligible employees for the next calendar year. If an employee is not included on the designation list for 2014 that is due on October 31, 2013, that employee will continue coverage under his or her current OPM-contracted plan until the designations are made for 2015 health coverage (by the end of September 2014).

B. Coverage Effective Date and Coverage Termination Date

The new hire coverage effective date for the DC SHOP will be set to the first of the month after the hire date. The coverage termination date will be the last day of the month in which the event occurred.

C. Administrative Office Responsibilities on DC Health Link

The Administrative Offices will create separate accounts on DC Health Link (www.DCHealthlink.com) for each Federal employer identification number. The Administrative Offices will select coverage effective dates of January 1, 2014 on DC Health Link and notify employees of their eligibility. This notification will be done through internal House and Senate systems.

Once the Administrative Offices select the coverage effective dates and send eligibility notifications, the Administrative Offices must take the following actions before November 11, 2013 on the DC Health Link website:

- Select the plan choices (Gold metal level);
- Set the premium contribution to 0% (this step is necessary because the FEHB Government contribution formula was not incorporated into the initial design of the DC Health Link website for the Small Business Market);
- Enter the employer information; and
- Upload the employee census list. If the census upload is not finalized initially, the census can be re-uploaded prior to open enrollment. A new upload will overwrite the existing information.

D. Employee Responsibilities on DC Health Link & OPM.gov

Starting November 11, 2013, Members of Congress and designated congressional staff will be able to register on DC Health Link. DC Health Link will confirm the eligibility of the individual.

If DC Health Link does not initially confirm eligibility, an eligibility error message will be displayed on the DC Health Link website and the employee will need to contact the appropriate Administrative Office. The Administrative Office will then check whether the employee is included on the eligibility census. If the employee should be on the census but is not on the census, the Administrative Office must update the census file and add the employee to the November/December new hire list with a January 1, 2014 effective date.

If the employee was not included on the census and was not designated as official office staff, the Administrative Office must communicate to the employee that he or she is ineligible for coverage under plans on the DC SHOP and that he or she is eligible to continue his or her enrollment in an OPM-contracted plan, or enroll in an OPM-contracted plan, if applicable.

If eligibility is successfully confirmed, the employee will proceed to review available plan choices and total premiums on the DC Health Link website. The employee will follow online instructions to open the Premium Contribution Calculator, which will be used to calculate his or

her monthly premiums and the Government contribution during the plan selection process. Following the premium calculations, the employee will return to the DC Health Link website and choose a health plan on the DC SHOP.

After successfully registering on the DC SHOP website, the employee may enroll in a SHOP plan. In order for the employee to begin coverage on January 1, 2014, the enrollment will need to be completed by the end of December 9, 2013.

E. Processing Enrollments & Transferring Funds

Following the end of the open enrollment period on December 9, 2013, DC Health Link will generate an invoice on December 10, 2013 and send the invoice to the Administrative Offices. The DC Health Link invoice due date is December 12, 2013 and on this date DC Health Link will request funds from OPM through a letter of credit (LOC).

There are preconditions for the invoice payment. First, OPM will establish six Health Benefits (HB) codes for access to the LOC and the Retirement and Insurance Transfer System (RITS). The House of Representatives has two (2) payroll offices and the Senate has one (1) payroll office.

The Administrative Offices will set up an account(s), i.e. payroll cycle, in RITS and submit a test transfer by October 31, 2013. For the initial payment, the Administrative Offices must transfer funds through RITS based on the estimate no later than November 27, 2013. After the close of the open enrollment period, the Administrative Offices will review the employee enrollment on DC Health Link, upload employee enrollment details via their internal systems, and calculate premium deductions on their internal systems.

By 1:45 pm on December 12, 2013, DC Health Link will request the estimated funds up to the invoice amount and amounts available will be received by the DC Health Link bank on the next business day. Since the effective date of coverage will be delayed if there are insufficient funds available to DC Health Link to pay the complete invoiced amount, it is critically important that the estimate is based on a "maximum enrollment" scenario. To develop its estimate, the Administrative Offices may consider the total cost (enrollee share and employer contribution) of health benefits for Members of Congress and staff currently enrolled in OPM-contracted plans, available information on SHOP Gold metal level plan premiums, and other factors.

If DC Health Link requires supplemental funds at this juncture, they must request the funds on December 26, 2013 through OPM's LOC. In order for the funds to be available on December 26, 2013, the Administrative Offices must transfer the necessary funds through RITS by 8 AM on December 13, 2013.

The Administrative Offices will complete a Standard Form (SF) 2810 for each staff member designated for SHOP health coverage. The Remarks section of the SF-2810 should contain a notice that the 31-day temporary extension of coverage does not apply for employees whose DC SHOP coverage begins on the day following the FEHB termination date in Item 8 of the SF-2810.

F. Premium Deductions

After January 1, 2014, the Administrative Offices will deduct contributions from employee paychecks via internal payroll systems.

G. New Hires

If a designated employee is hired in November or December 2013, the Administrative Offices must enter the new hire into DC Health Link and set the coverage effective date for January 1, 2014.

H. Changing Agencies/Offices

If an employee leaves a Federal agency and becomes employed by the Senate or House of Representatives without a break in service of more than three calendar days, the health benefits enrollment will terminate effective at the end of the pay period in which the employee separated. Withholdings and contributions will be made for that entire pay period. The gaining employer, Senate or House of Representatives, will reinstate the OPM-contracted coverage if the employee is not subject to Section 1312 of the ACA, effective the day after the effective date of the termination. If the employee is subject to Section 1312 of the ACA, the gaining employer will update their census with DC SHOP to include the new employee and advise the employee of his or her health enrollment options.

If an employee leaves employment with the Senate or House of Representatives and becomes employed by a Federal agency or by the other house of Congress without a break in service of more than three calendar days, the employee's enrollment will terminate effective at the end of the month in which the employee is separated. Withholdings and contributions will be made for that entire month. The gaining employing office will reinstate the employee's OPM-contracted coverage, if not subject to Section 1312 of the ACA, effective the first of the following month. If the gaining employer is the Senate or House of Representatives, and the employee is subject to Section 1312 of the ACA, the gaining employer will update their census with DC SHOP to include the new employee and advise the employee of his or her health enrollment options.

VI. Recurring Eligibility, Enrollment, and Premium Collection and Payment Process

On the 1st of each month beginning January 2014, DC Health Link will generate the next month's preliminary invoice. Based on this preliminary invoice, the Administrative Offices will transfer the necessary funds through RITS. The funds must be transferred through RITS by the last business day before the 14th of the month in order to be available by the fourth Thursday of the month.

After the 14th of the month and prior to the 1st of the next month, the Administrative Offices must upload employee enrollment details from the DC Bill File via their internal systems and calculate premium deductions.

Following the 1st of the next month, the Administrative Offices will deduct employee contributions from the employee paychecks for health coverage during that month.

VII. 31-Day Extension of Health Coverage

Individuals who leave an OPM-contracted health benefits plan, other than by cancellation, have a 31-day temporary extension of coverage in which to shop for a new health plan. This temporary extension of coverage is included in the premium calculation for the OPM-contracted plans. For the 2014 plan year, if a Member of Congress or designated congressional staff member chooses not to enroll in a SHOP plan, an additional 31 days of coverage is included after the termination date at no cost to the enrollee. If the Member of Congress or designated congressional staff member chooses to enroll in a SHOP plan, the effective date of coverage will be January 1, 2014 and the 31-day extension of coverage will not apply.

Exchange plans do not have a similar extension of coverage provision in their benefits coverage. Therefore, Members of Congress and designated congressional staff who enroll in the DC SHOP will not have a 31-day extension when their SHOP coverage terminates.

VIII. Temporary Continuation of Coverage

Temporary continuation of coverage (TCC) will be available to Members of Congress and designated congressional staff who leave their jobs, as well as eligible family members, with the same rules that apply to TCC for other Federal employees and eligible family members. TCC will only be offered through OPM-contracted plans.

IX. Retirement Process

A. General Rule

Members of Congress and congressional staff will be subject to the same rules of participation in the FEHB Program in retirement as other Federal annuitants. Upon retirement, if eligible for continuation, Members of Congress and congressional staff will be required to choose their health plan coverage from among those plans contracted and approved by OPM for the FEHB Program to continue to receive a Government contribution.

B. Retirement Application

When an employee decides to retire, he or she will complete a retirement application and make an OPM-contracted plan election via the SF-2809. The Administrative Office must process the OPM-contracted plan election and retirement application. The Administrative Office will send a copy of the SF-2809 to the plan and include the SF-2809 in the retirement application materials to be submitted to OPM. The election will be effective on the 1st of the month after retirement.

C. Retirement Case & Eligibility Requirements for Carrying Health Coverage into Retirement

The Administrative Office must provide a memorandum in the retirement case to OPM verifying that the retiring employee has met either the five-year or first opportunity requirement for carrying health coverage into retirement. Both OPM-contracted plans and DC SHOP plans will be used to determine continuous coverage. The Administrative Office is required to include a memorandum describing the employment that meets either the five-year or first opportunity requirement, as well as the beginning and end dates of the qualifying employment. The case will also include a cover sheet indicating that the case should be transferred immediately into the OPM Retirement system. Once OPM receives and approves the case, it will inform the FEHB carrier of the payroll office change through an SF-2810.

D. Opting Out of FEHB & Not Selecting FEHB Coverage Into Retirement

The retiring employee may opt out of FEHB coverage in retirement by declining coverage on the SF-2809. If such a decision is made, the Administrative Office must terminate the retiring employee's DC SHOP coverage. In this situation, no further Administrative Office action is required. However, if the retiring employee does not select an OPM-contracted plan in the retirement application, but does not affirmatively opt out of FEHB coverage, the Administrative Office will default the retiring employee, based on his or her enrollment at the time of retirement into the lowest-cost Self-only or Self-and-Family OPM-contracted national plan that is available to the retiring employee based on the enrollee share of the cost.

E. Plan Notification & Termination from DC SHOP Plan

Once the retiring employee either selects an OPM-contracted plan for retirement or is defaulted into a plan, the Administrative Office must inform the FEHB carrier of the plan selection via the SF-2809. If the retiring employee is defaulted into a plan, the Administrative Office would submit an SF-2809. The Administrative Office must notify DC SHOP of the appropriate coverage termination date based on the retiring employee's retirement date.

The Administrative Office must inform DC Health Link of the appropriate coverage termination date via the Administrative Office's internal system. The Administrative Office will deduct the employee premium contribution for the entire month in which the employee is last employed or bill the employee if pay is insufficient.

The FEHB Carrier will begin OPM-contracted plan coverage for the annuitant on the first of the month following the last day of service.

X. OPM Resources

OPM has created a webpage focused on clarifying various issues associated with health insurance for Members of Congress and designated congressional staff. The webpage includes the OPM Premium Contribution Calculator and is located at www.opm.gov/healthcare-insurance/changes-in-health-coverage/eligibility-enrollment/#url=Members-of-CongressStaff.

OPM also created FAQs that will be helpful for Benefits Officers. The FAQs are located at www.opm.gov/healthcare-insurance/changes-in-health-coverage/changes-in-health-coverage-faqs.

OPM will issue additional guidance as needed. Please refer any questions to Mark Knee at Mark.Knee@opm.gov.

Sincerely,

John O'Brien
Director, Healthcare and Insurance