

FEHB [] PSHB [x]

Letter Number 2025-03

Date: January 20, 2025

Fee-for-service [3]

Experience-rated HMO [3]

Community-rated HMO [3]

Subject: Postal Service Health Benefits Medicare Part D Enrollment Flexibility

This Carrier Letter provides guidance to all Postal Service Health Benefits (PSHB) Program Carriers (hereinafter “Carriers”) on errors impacting enrollment into Medicare Part D and the process for reporting errors.

Background

As explained in the preamble to the final rule at 89 FR 85015 (Oct. 24, 2024), the Office of Personnel Management (OPM) determined that Medicare Part D enrollment flexibility set forth in 5 C.F.R. § 890.1616(e)(4) was necessary in light of the transitional impacts of the Postal Service Health Benefits (PSHB) Program, specifically regarding the consequences of opting out of, or disenrolling from, Part D coverage (loss of prescription drug coverage under the PSHB plan). OPM determined that the risk of confusion around these provisions would be significant early in the new PSHB Program, while Postal Service annuitants and family members navigate the new program and system, and while OPM and PSHB Carriers refine the program to best meet the needs of enrollees.

The following guidance applies to Part D enrollment flexibility as set forth in 5 C.F.R. §890.1616(e)(4). OPM may update this guidance in future years based on programmatic need.

What is an Error Impacting Enrollment into Medicare Part D under 5 C.F.R 890.1616(e)(4):

A Part D-eligible annuitant or Part D-eligible family member (hereinafter “individual”) who is not enrolled in their PSHB plan’s Medicare Part D EGWP

during Open Season or a qualifying life event (QLE) due to an error may request enrollment into their PSHB plan's Part D EGWP.

An error includes any type of administrative error on the part of OPM, the health insurance carrier or its third party administrator, such as a pharmacy benefit manager, the United States Postal Service (USPS) or OPM in their roles as employing offices that resulted in an individual not enrolling in Part D coverage during the PSHB Open Season or a QLE. For purposes of prospective enrollment, an error also includes any action taken by an individual based on confusion or misunderstanding, which resulted in the individual opting out of or disenrolling from Part D EGWP coverage during the PSHB Open Season or a QLE.

At this time, OPM is construing administrative error broadly to address a potential lack of understanding and confusion among Postal Service annuitants and their Part D eligible family members regarding Medicare integration into the new PSHB Program. Consequently, error includes, but is not limited to, the following:

- Lack of adequate notice from OPM, the carrier, USPS, or the employing office. For example:
 - An individual reports not receiving notice about the PSHB Program requirements or applicable deadlines for making a Part D enrollment decision; or
 - An individual reports receiving notice after a deadline for making a Part D enrollment decision (either Open Season or a QLE, as applicable);
- Receipt of inaccurate information. For example:
 - An individual received incorrect or misleading information from OPM, the carrier, or USPS. This may include information provided in notices, educational materials, or from employees or agents of OPM, the carrier, or USPS.
- PSHB programmatic and operational challenges. For example:
 - An individual reports not being able to log in to the PSHB online enrollment system;
 - An individual reports they contacted or tried to contact the PSHB Program and were unable to receive assistance. For example, the individual was unable to connect with a Customer Service representative;

- An individual reports they were unable to use or access the online PSHB system due to other barriers, including challenges accessing accessibility services (TTY for example), or having limited or no English proficiency, low IT literacy, or barriers to accessing internet service;
- An individual's PSHB enrollment was not effectuated in a timely manner;
- An individual reports they were unable to receive assistance from the carrier; or
- An individual reports they elected Part D coverage, and their enrollment was not correctly processed, either by the carrier or OPM.
- For prospective coverage only, any action taken by the individual based on confusion or misunderstanding, which resulted in the individual opting out of or disenrolling from Part D EGWP coverage. For example:
 - An individual reports confusion about the consequences of opting out of or declining Part D coverage; or
 - An individual reports they did not read the notices or educational materials provided by OPM, the carrier, or USPS and did not know the consequences of opting out or declining Part D coverage.
- In addition to this non-exhaustive list of examples, OPM will review requests for enrollment flexibility that do not fall under one of the above examples to determine whether an individual experienced an error that impacted Part D coverage during the PSHB Open Season or a QLE.

How to Report an Error:

An individual may contact their PSHB plan to raise a concern regarding their non-enrollment in their plan's Part D EGWP. The individual may contact the plan through phone, electronic communication, or U.S. mail (or other well-established ground /air carrier such as FedEx or UPS), to request enrollment through this flexibility.

When reviewing a request for enrollment under this flexibility, a PSHB plan should determine: Is the lack of Part D enrollment of the requesting individual due to an error as described above? If so, the carrier should enroll

the individual in the requested Part D EGWP in alignment with Centers for Medicare & Medicaid Services (CMS) rules. If the carrier cannot identify an error as described above, the request should be forwarded to OPM at pshb@opm.gov for review. OPM will review the request and provide the carrier with its decision as soon as possible.

Effective Dates for Coverage:

Retroactive coverage: Consistent with 5 C.F.R. § 890.1616(e)(4)(i), Part D coverage may be retroactive, to the extent consistent with CMS rules applicable to PSHB Carriers, back to the effective date of PSHB coverage, if, within 90 days of the date their Part D coverage would have otherwise gone into effect, an individual reports that they were not enrolled in Part D coverage due to an error. Generally, this will be the effective date of coverage based on either Open Season rules or QLE rules.

If a PSHB Carrier cannot process a retroactive enrollment under CMS rules, Part D coverage will be prospective. (See "Prospective coverage" section below for the date prospective coverage commences.)

Prospective coverage: Consistent with 5 C.F.R. § 890.1616(e)(4)(ii), if, more than 90 days from the date their Part D coverage would have otherwise gone into effect, an individual reports that they were not enrolled in Part D coverage due to an error, the Part D coverage will be prospective if approved. Prospective coverage will be effective on the first day of the month after the individual reports the error and requests enrollment. If a PSHB carrier cannot process a retroactive enrollment under 5 C.F.R. § 890.1616(e)(4)(i) under CMS rules, Part D coverage will be prospective.

Examples:

Example 1: Annuitant A received a notice from her carrier providing information about Part D EGWP enrollment, including the consequences of opting out of Part D coverage. Annuitant A and her spouse called their PSHB Carrier on December 10th to opt-out Annuitant A's spouse from the PSHB Medicare Part D plan because Annuitant A's spouse has separate Medicare Part D coverage. On January 10th, Annuitant A calls a pharmacy to refill a prescription and learns that she does not have prescription drug coverage under her PSHB plan. Annuitant A called her carrier on January 11th to report this error and learns that the carrier opted out both Annuitant A and her spouse from the PSHB Medicare Part D plan. Annuitant A immediately

requests coverage under the Medicare Part D plan offered by their PSHB carrier.

Outcome 1: Annuitant A is eligible for retroactive coverage because she intended to be enrolled in the Medicare Part D plan offered by her PSHB carrier but was opted out in error. There will be no change to the spouse's Part D enrollment because the error did not impact the spouse's election.

Example 2: Annuitant B reports that she did not receive notice providing information about the consequences of opting out of Part D coverage until December 20, 2024 (after PSHB Open Season ended). Prior to December 20, 2024, Annuitant B opted out of Part D, thinking she would have prescription drug coverage under her PSHB plan. Annuitant B previously had opted out of Part D when she had FEHB coverage and she still had prescription drug coverage, so she thought the same would be true under PSHB. Annuitant B's PSHB plan went into effect on January 1, 2025.

Annuitant B went to the doctor on January 10th and was given a prescription for medication to be filled at a pharmacy. Annuitant B went to the pharmacy to fill the new prescription on January 10th, at which time she was informed she did not have any prescription drug coverage. Annuitant B called her carrier on January 11th and was informed she did not have any prescription drug coverage, consistent with the rules governing the new PSHB Program. Annuitant B requested the carrier enroll her into Part D on January 11th, based on the lack of notice.

Outcome 2: Annuitant B is eligible for retroactive Part D enrollment, to the extent consistent with CMS rules applicable to PSHB carriers, back to the first day of the plan year (January 1st).

Example 3: Assuming the same facts as above, except Annuitant B received timely notification and does not go to the doctor until April 5, 2025, at which time she learns she does not have prescription drug coverage. Annuitant B contacts the carrier and requests Part D enrollment on April 6th based on her confusion about the consequences of opting out of the EGWP.

Outcome 3: In this example, Annuitant B is not eligible for retroactive coverage back to January 1st, because the request is made more than 90 days from the date their Part D coverage otherwise would have gone into effect. Annuitant B is eligible for prospective Part D enrollment with a May 1, 2025, effective date.

Note: The guidance in this Carrier Letter relates specifically to the enrollment flexibility provided under 5 C.F.R. § 890.1616(e)(4). This guidance does not limit or restrict an individual's eligibility for Medicare Special Enrollment Periods (SEP) provided under CMS regulations.

Please direct any questions to your PSHB Health Insurance Specialist.

Sincerely,

Laurie Bodenheimer
Associate Director
Healthcare and Insurance