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the estimated amount of damages sustained by the FEHB Program as a result of the claim(s) in question.

(6) If there are substantial or several aggravating circumstances, OPM shall set a period of debarment at a minimum period of at least 4 years. If there are substantial or several aggravating circumstances, OPM shall set the aggregate amount of any civil monetary penalty and assessment at an amount equivalent to at least 75% of the maximum allowed by 8902a(c) of title 5, United States Code.

§ 890.1005 Effective dates and notices.

(a) If OPM proposes to invoke any sanctions under section 8902a (b) or (c) of title 5, United States Code, OPM will send written notice of its intent, including the reasons for the proposed sanction(s), the proposed duration of the debarment, if any, and the proposed amount of any civil monetary penalty or assessment to the provider and advise the provider of the right to a reconsideration within OPM.

(b) Within 30 days of the date of the notice, the provider may submit:

(1) Documentary evidence and written argument against the proposed sanction; or

(2) A written request to present evidence or argument orally to an OPM official.

(c) For good cause shown by the provider, OPM may extend the 30-day period.

(d) If, after the provider has exhausted the reconsideration rights within OPM or failed to exercise his or her right to reconsideration within OPM, OPM decides to invoke any sanctions, it will send written notice of its decision to the provider at least 30 days before the proposed effective date of the sanction(s). The written notice will set forth:

(1) The basis for the sanction;

(2) The duration of the debarment, if any, and the factors used in determining the duration;

(3) The requirements and procedures for reinstatement, if applicable;

(4) The amount of the civil monetary penalty or assessment, if any, and how such penalty and/or assessment was determined;

(5) The right to a hearing.

(e) If the right to a hearing is waived, OPM will implement the effective date of the sanction(s) as provided in the notice required by paragraph (d) of this section. If the right to a hearing is exhausted and OPM is upheld by the hearing officer, OPM shall set the date of the sanction(s) to become effective within 31 days of the final decision of the hearing officer.

§ 890.1006 Payment of claims for service or supplies furnished by debarred providers.

Health plans may not deny claims for services or supplies based on debarment of the provider under this subpart if the claimant did not know or could not reasonably be expected to have known of the debarment. In any such instance, the carrier involved must take appropriate measures to ensure that the individual is informed of the debarment and the minimum period of time remaining under the terms of the debarment.

[59 FR 24030, May 10, 1994]

§§ 890.1007—890.1009 [Reserved]

Subpart K—Temporary Continuation of Coverage

SOURCE: 54 FR 52339, Dec. 21, 1989, unless otherwise noted.

§ 890.1101 Purpose.

This subpart identifies the individuals who may temporarily continue coverage after the coverage would otherwise terminate under this part and sets forth the circumstances of their enrollment.

§ 890.1102 Definitions.

In this subpart—

Gross misconduct means a flagrant and extreme transgression of law or established rule of action for which an employee is separated and concerning which a judicial or administrative finding of gross misconduct has been made.

Qualifying event means any of the following events that qualify an individual for temporary continuation of coverage under subpart K of this part:

(1) A separation from Government service.

(2) A divorce or annulment.

(3) A change in circumstances that causes an individual to become ineligible to be considered an unmarried dependent child under this part.

§890.1103 Eligibility.

(a) Except as provided by paragraph (b) of this section, individuals described by this section are eligible to elect temporary continuation of coverage under this subpart. Eligible individuals are as follows:

(1) Former employees whose coverage ends because of a separation from Federal service under any circumstances except an involuntary separation for gross misconduct.

(2) Individuals whose coverage as children under the family enrollment of an employee, former employee, or annuitant ends because they cease meeting the requirements for being considered unmarried dependent children. For the purpose of this section, children who are enrolled under this part as survivors of deceased employees or annuitants are considered to be children under a family enrollment of an employee or annuitant at the time of the qualifying event.

(3) Former spouses of employees, of former employees having continued family coverage under this subpart, or of annuitants, if the former spouse would be eligible for continued coverage under subpart H of this part except for failure to meet the requirement of §890.803(a) (1) or (3) of this part or the documentation requirements of §890.806(a) of this part, including former spouses who lose eligibility under subpart H within 36 months after termination of the marriage because they ceased meeting the requirement of §890.803(a) (1) or (3) of this part.

(b) An individual who is otherwise eligible for benefits under this part (excluding the temporary extension of coverage and conversion privilege set forth in subpart D of this part) is not entitled to continued coverage under this subpart.

§890.1104 Notification by agency.

(a) In the case of a former employee who is eligible to elect temporary continuation of coverage under §890.1103(a)(1), the employing office must notify the former employee concerning his or her rights under this subpart no later than 30 days after the end of the temporary extension of coverage provided under §890.401.

(b)(1) In the case of a child who is eligible to elect temporary continuation of coverage under §890.1103(a)(2), the enrollee may, within 60 days after the qualifying event, provide written notice to the employing office of the child's change in status and requesting information about temporary continuation of coverage. The written notice must include the child's name and address and the date of the terminating event.

(2) If the notice described in paragraph (b)(1) is received by the employing office within 60 days after the date on which the child ceased meeting the requirements for being considered an unmarried dependent child, the employing office must notify the child of his or her rights under this subpart within 14 days after receiving the notice.

(3) This paragraph does not preclude the employing office from notifying the child of his or her rights based on oral or written notification by the child, another family member, or any other source that the child no longer meets the requirements for being considered an unmarried dependent child.

(c)(1) In the case of a former spouse who is eligible to elect temporary continuation of coverage under §890.1103(a)(3), the employee or the former spouse may, within 60 days after the termination of the marriage or the loss of coverage under subpart H of this part, notify the employing office of the terminating event and request information about temporary continuation of coverage. The notice must include the name and address of the former spouse and the date of the terminating event.

(2) The employing office must notify the former spouse of his or her rights under this subpart within 14 days after receiving the notice described in paragraph (c)(1) of this section.

(d) If the employing office cannot give the notice required by this section to the employee, child, or former spouse directly, it must send the notice by first class mail. A notice that is

mailed is deemed to be received 5 days after the date of the notice.

[54 FR 52339, Dec. 21, 1989, as amended at 57 FR 21192, May 19, 1992]

§ 890.1105 Elections.

(a) The election of temporary continuation of coverage may be in the form of a Standard Form 2809, letter, or written statement to the employing office.

(b) A former employee's election under this subpart must be submitted to the employing office within 60 days after the later of—

(1) The date of separation; or

(2) The date the former employee received the notice from the agency.

(c) A child's election under this subpart must be submitted to the employing agency within 60 days after the later of—

(1) The date of the qualifying event; or

(2) If the employee notified the employing agency within the 60-day time period specified under § 890.1104(b)(1) of this part, the date the child received the notice from the employing agency. If the employee did not notify the employing agency within the specified time period, the child's opportunity to elect continued coverage ends 60 days after the qualifying event.

(d) A former spouse's election must be received by the employing office within 60 days after the later of—

(1) The date of the qualifying event; or

(2) The date coverage under subpart H of this part was lost because of remarriage or loss of qualifying court order, if the loss of coverage under subpart H occurred before the expiration of the 36-month period specified in § 890.1107(c) of this part; or

(3) If the employee or former spouse notified the agency of the termination of the marriage within the time period specified in § 890.1104(c)(1), the date the former spouse received the notice from the agency described in § 890.1104(c)(2). If neither the employee nor the former spouse notified the agency within the specified time period, the former spouse's opportunity to elect continued coverage ends 60 days after the qualifying event.

(e) If an individual who is eligible for temporary continuation of coverage under this section is unable to file an election on his or her own behalf because of a mental or physical disability, an election may be filed by a court-appointed guardian.

(f) Except as provided in paragraphs (c)(2) and (d)(3), when an employing office determines that an eligible individual was unable, for cause beyond his or her control, to register to be enrolled within the time limits prescribed by this section, that office must accept the registration within 31 days after it advises him or her of that determination.

§ 890.1106 Coverage.

(a) *Type of enrollment.* An individual who enrolls under this subpart may elect coverage for self alone or self and family.

(1) For an enrollee who is eligible for continued coverage under § 890.1103(a)(1) or (2), a covered family member is an individual whose relationship to the enrollee meets the requirements of 5 U.S.C. 8901(5) and who meets any applicable requirements of 5 CFR 890.302 of this part.

(2) For a former spouse who is eligible for continued coverage under § 890.1103(3) of this part, a covered family member is an individual who meets the requirements of § 890.804 of this part.

(b) *Plans and options.* An individual who elects to continue coverage under this subpart may enroll in a plan or option different from the plan or option covering the individual at the time of the qualifying event.

§ 890.1107 Length of temporary continuation of coverage.

(a) In the case of a former employee who is eligible for continued coverage under § 890.1103(a)(1), the temporary continuation of coverage ends on the date that is 18 months after the date of separation, unless it is terminated earlier under the provisions of § 890.1110.

(b)(1) Except as provided in paragraph (b)(2) of this section, in the case of individuals who are eligible for continued coverage under § 890.1103(a)(2) of this part, the temporary continuation of coverage ends on the date that is 36

months after the date the individual first ceases to meet the requirements for being considered an unmarried dependent child, unless it is terminated earlier under the provisions of §890.1110.

(2) The temporary continuation of coverage ends on the date that is 36 months after the date of the separation from service on which the former employee's continuation of coverage is based, unless it is terminated earlier under the provisions of §890.1110, in the case of individuals who—

(i) Are eligible for continued coverage under §890.1103(a)(2); and

(ii) As of the day before ceasing to meet the requirements for being considered unmarried dependent children, were covered family members of a former employee receiving continued coverage under this subpart; and

(iii) Cease meeting the requirements for being considered unmarried dependent children before the end of the 18-month period specified in paragraph (a) of this section.

(c)(1) Except as provided in paragraph (c)(2) of this section, in the case of former spouses who are eligible for continued coverage under §890.1103(a)(3), the temporary continuation of coverage ends on the date that is 36 months after the former spouse ceased meeting the requirements for coverage as a family member, unless it is terminated earlier under the provisions of §890.1110.

(2) The temporary continuation of coverage ends on the date that is 36 months after the date of the separation from service on which the former employee's continuation of coverage is based, unless it is terminated earlier under the provisions of §890.1110, in the case of a former spouse—

(i) Who is eligible for continued coverage under §890.1103(a)(3); and

(ii) Whose marriage to the former employee terminates after the former employee's separation but before the expiration of the 18-month period specified in paragraph (a) of this section.

§890.1108 Effective date of coverage.

(a) Except as provided in paragraph (b) of this section, the effective date of coverage is the day after other coverage under this part expires, including temporary extension of coverage under §890.401 of this part. If an individual registers for temporary continuation of coverage before the expiration of the election period under §890.1105, but after the temporary extension of coverage expires, coverage is restored retroactively, with appropriate contributions and claims, to the same extent and effect as though no break in coverage occurred.

(b) In the case of a former spouse, the effective date of coverage is the later of—

(1) The date determined under paragraph (a) of this section; or

(2) The date of the divorce or annulment.

[55 FR 22891, June 5, 1990]

§890.1109 Premium payments.

(a) Except as provided in paragraph (b) of this section, the enrollee must pay the full enrollment charge as determined under §890.503(a), including both the Government contributions and employee withholdings, plus the administrative charge described under §890.1113, for every pay period during which the enrollment continues, exclusive of the 31-day temporary extension of coverage for conversion provided under §890.401 of this part.

(b) If the enrollee is not covered under this subpart for the full pay period, he or she pays the premium charge for only the days actually covered. The daily premium rate is an amount equal to the monthly rate (including the administrative charge) multiplied by 12 and divided by 365.

(c) The enrollee must make the payment after the pay period during which he or she is covered in accordance with a schedule established by the employing office. If the employing office does not receive the payment by the date due, the employing office must notify the enrollee in writing that continuation of coverage depends upon payment being made within 15 days (45 days for enrollees residing overseas) after receipt of the notice. If no subsequent payments are made, the employing office terminates the enrollment 60 days (90 days for enrollees residing overseas) after the date of the notice. An enrollee whose coverage terminates

because of nonpayment may not reenroll or reinstate coverage except as provided under paragraph (d) of this section.

(d)(1) If the enrollee was prevented by circumstances beyond his or her control from making payment within the timeframe specified in paragraph (c) of this section, he or she may request reinstatement of coverage by writing to the employing office. The request must be filed within 30 calendar days from the date of termination and must be accompanied by verification that the enrollee was prevented by circumstances beyond his or her control from paying within the time limit.

(2) The employing office determines whether the individual is eligible for reinstatement of coverage. If the determination is affirmative, coverage is reinstated retroactively to the date of termination. If the determination is negative, the individual may request a review of the decision from the employing agency as provided under § 890.104.

[54 FR 52339, Dec. 21, 1989, as amended at 59 FR 67607, Dec. 30, 1994; 61 FR 37810, July 22, 1996]

§ 890.1110 Termination of enrollment or coverage.

(a) *General.* An enrollment under this subpart terminates at midnight of the earlier of the following dates:

(1) The date the temporary continuation of coverage expires as set forth in § 890.1107, subject to the temporary extension of coverage for conversion.

(2) The last day of the pay period in which the enrollee dies.

(3) The day before the effective date of coverage under another provision of this part.

(4) The date provided under paragraphs (b) or (c) of this section.

(b) *Failure to pay premiums.* Termination of enrollment for failure to pay premiums within the timeframe established under § 890.1109 of this part is retroactive to the end of the last pay period for which payment was timely received. The enrollee and covered family members, if any, are not entitled to the temporary extension of coverage for conversion or to convert to an individual contract for health benefits.

(c) *Cancellation.* An enrollee may cancel his or her enrollment as provided under § 890.304(d) of this part.

(d) *Family member coverage.* The coverage of a family member terminates under the conditions set forth in § 890.304(c). Covered family members of former employees and former spouses are entitled to temporary continuation of coverage only as set forth under § 890.1103.

§ 890.1111 Employing office responsibilities.

(a) *Providing information to employees.* Employing offices are responsible for providing employees who are eligible to enroll under this part with literature developed by OPM that sets forth their rights under this subpart. This literature must be distributed to employees prior to each open season occurring under § 890.301.

(b) *Administration of the enrollment process.* The employing office must establish procedures for notifying the former employee, child, or former spouse about his or her eligibility to enroll, including what documents are needed to determine eligibility, and for accepting enrollment registrations.

(c) *Collecting premiums.* (1) Collection of the contributions is the responsibility of the employing office of the employee or annuitant at the time of the qualifying event.

(2) The employing office must submit all premium payments collected from enrollees along with its regular health benefits payments to OPM in accordance with procedures established by that Office.

(d) *Health benefits file.* The employing office must maintain a health benefits file for the enrollee as a file separate from the personnel records of the employee or former employee. This file may be destroyed 2 years after the end of the calendar year during which the 18- or 36-month period described in § 890.1107 (a) or (b)(1) expires.

[54 FR 52339, Dec. 21, 1989, as amended at 55 FR 22891, June 5, 1990]

§890.1112 Denial of continuation of coverage due to involuntary separation for gross misconduct.

(a) *Notice of denial.* (1) When an employing office determines that the offense for which an employee is being removed constitutes gross misconduct for the purpose of this subpart, the employing office must notify the employee in writing of its intention to deny temporary continuation of coverage. The notice must set forth the reason for the denial and give the employee a reasonable amount of time to respond. The notice must be made no later than the date of separation.

(2) If the employee is being removed under the authority of part 752 of this chapter (or other law, Executive Order, or regulation that prescribes procedures for removing employees because of misconduct), the notification requirement of paragraph (a)(1) of this section may be combined with the notification requirement of such authority.

(b) *Employee's response.* (1) The employee must be allowed a reasonable time for response, but not less than 7 days. The employee may respond orally or in writing and is entitled to be represented by an attorney or other representative.

(2) The agency must designate an official to hear the employee's oral answer who has the authority either to make or recommend a final decision on the denial. The right to answer orally does not include the right to a formal hearing with examination of witnesses.

(c) *Final decision.* If the employee responds to the notice of denial, the employing office must issue a final decision in writing that fully sets forth its findings and conclusions. The agency's decision is not subject to reconsideration by OPM.

(d) *Resignation in lieu of involuntary separation.* If an employee resigns after receiving the employing office's notification of intent to separate the employee involuntarily but before the scheduled separation date, his or her separation is considered involuntary for the purpose of this subpart.

§890.1113 The administrative charge.

(a) OPM has determined that the administrative charge as provided under 5 U.S.C. 8905a(d)(1)(A)(ii) is 2 percent of the enrollment charge described in §890.503(a).

(b) It is OPM's responsibility to establish procedures for receiving the administrative payment into the Employees Health Benefits Fund and for making this amount available to the employing office.

[54 FR 52339, Dec. 21, 1989, as amended at 55 FR 22891, June 5, 1990]

Subpart L—Benefits for United States Hostages in Iraq and Kuwait and United States Hostages Captured in Lebanon

SOURCE: 55 FR 50537, Dec. 7, 1990, unless otherwise noted.

§890.1201 Purpose.

This subpart sets forth the circumstances under which individuals are covered under this part in accordance with the provisions of section 599C of Public Law 101–513.

§890.1202 Definitions.

In this subpart—

Covered family members as it applies to individuals covered under this subpart has the same meaning as set forth in §890.101(a). For eligible survivors of individuals enrolled under this subpart, a family enrollment covers only the survivor or former spouse and unmarried dependent natural or adopted child of both the survivor or former spouse and hostage.

Hostage and *hostage status* have the meaning set forth in section 599C of Public Law 101–513.

Pay period for individuals enrolled under this subpart means the pay period established by the U.S. Department of State for paying individuals covered under Public Law 101–513.

Period of eligibility means the period beginning on the effective date set forth in §890.1204 of this subpart and ending 60 months after hostage status ended for hostages in Lebanon and 12 months after hostage status ended for hostages in Iraq and Kuwait.

[55 FR 50537, Dec. 7, 1990, as amended at 57 FR 43132, Sept. 18, 1992]