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OFFICE OF PERSONNEL MANAGEMENT

5 CFR Part 890

RIN 3206-A133

Federal Employees Health Benefits Program: Contributions and Withholdings

AGENCY: Office of Personnel
Management.

ACTION: Final rule.

SUMMARY: The Office of Personnel Management (OPM) is issuing final regulations under the Federal Employees Health Benefits (FEHB) law that specify procedures for OPM's annual determination of the weighted average of subscription charges, for self only and for self and family FEHB enrollments respectively. The determinations are a requirement under recent amendments to the FEHB law that authorize a new method for adjusting Government contributions toward health plan enrollment charges. Effective with the FEHB contract year that begins in January 1999, the Government contribution generally amounts to 72 percent of the weighted average of subscription charges in effect for self only and for self and family enrollments respectively.

DATES: This final regulation is effective May 3, 1999.

FOR FURTHER INFORMATION CONTACT:
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SUPPLEMENTARY INFORMATION: On August 28, 1998, OPM published interim regulations in the **Federal Register** (63 FR 45933) that amended 5 CFR 890.501, in paragraphs (a) and (b), to provide for the administration of a new Government contribution formula under the Federal Employees Health Benefits (FEHB) law.

The Balanced Budget Act of 1997, approved on August 5, 1997 (Pub. L. 105-33, sec. 7002, 111 Stat. 662),

amended the FEHB law to authorize a new Government contribution formula effective on the first day of the contract year that begins in January 1999. In place of the "Big-6" formula, which evolved under FEHB law during the early 1970's, the new formula bases Government contributions on the program-wide weighted average costs, for self only and for self and family enrollments, respectively.

The Big-6 formula provided a Government contribution for eligible enrollees in any FEHB plan or option equal to the lesser of: (1) 60 percent of the simple average of self only or self and family enrollment charges for the highest level of benefits offered under six large plans described in law, or (2) 75 percent of charges for the particular plan an individual elects to enroll in. The intent of the new FEHB contribution formula, which is referred to as the "Fair Share" formula, is to maintain a consistent level of Government contributions, as a percent of the total program costs, regardless of the configuration of participating health plans or FEHB enrollment patterns.

The Fair Share formula requires a determination by the Office of Personnel Management (OPM) in advance of each contract year of the weighted average of subscription charges that will be in effect during the year under all FEHB plans, for self only and for self and family types of enrollment, respectively. For employees and annuitants generally, the law provides a Government contribution equal to the lesser of: (1) 72 percent of the amount OPM determines is the program-wide weighted average of subscription charges for the type of enrollment the individual selects, or (2) 75 percent of the subscription charge for a particular plan (5 U.S.C. 8906 (a) and (b)).

The FEHB law, as amended, is very clear regarding the methodology for determining the program-wide weighted average of subscription charges in cases where health plans continue participation from year to year. OPM's regulations explain how we intend to treat individual plans for purposes of determining the program-wide weighted average of subscription charges when the conditions of a plan's FEHB participation change from one year to the next, including cases in which plans enter the FEHB Program, cease participation, or merge with another

FEHB plan, and cases in which a health maintenance organization alters its previous rating structure.

Also, the interim regulation deleted outdated provisions in paragraph 5 CFR 890.501(b), and the reference to paragraph (b) in 5 CFR 890.501(a), which reflected FEHB law prior to 1974 amendments to the Government contribution formula (Pub. L. 93-246, section 1, 88 Stat. 3).

We received no comments on the interim rule.

Regulatory Flexibility Act

I certify that these regulations will not have a significant economic impact on a substantial number of small entities because the regulations only affect Federal Government contributions toward enrollment costs under the Federal Employees Health Benefits Program.

Executive Order 12866, Regulatory Review

This rule has been reviewed by the Office of Management and Budget in accordance with Executive Order 12866.

List of Subjects in 5 CFR Part 890

Administrative practice and procedure, Government employees, Health facilities, Health insurance, Health professions, Hostages, Iraq, Kuwait, Lebanon, Reporting and recordkeeping requirements, Retirement.

Office of Personnel Management.

Janice R. Lachance,
Director.

Accordingly, under authority of 5 U.S.C. 8913, OPM is adopting its interim regulation amending 5 CFR part 890 as published on August 28, 1998 (63 FR 45933), as a final rule without change.

[FR Doc. 99-8011 Filed 3-31-99; 8:45 am]

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