

Rules and Regulations

Federal Register

Vol. 64, No. 80

Tuesday, April 27, 1999

This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

The Code of Federal Regulations is sold by the Superintendent of Documents. Prices of new books are listed in the first FEDERAL REGISTER issue of each week.

OFFICE OF PERSONNEL MANAGEMENT

5 CFR PART 870

RIN 3206-A154

Federal Employees—Group Life Insurance Program: New Premiums

AGENCY: Office of Personnel Management.

ACTION: Interim regulations with request for comments.

SUMMARY: The Office of Personnel Management is issuing interim regulations as a result of the Federal Employees Life Insurance Improvement Act, enacted October 30, 1998, to expand the number of age bands in the Federal Employees' Group Life Insurance (FEGLI) Program, to implement new premium rates for all coverage categories, and to change the current birthday rule effective date for Optional insurance when an employee, annuitant, or compensationner moves from one premium-rated age band to another for Optional insurance. The purpose of these regulations is to publish the new changes within the time frame prescribed by law.

DATES: Interim regulations are effective April 24, 1999. Comments must be received on or before May 27, 1999.

ADDRESSES: Send written comments to Abby L. Block, Chief, Insurance Policy and Information Division, Office of Insurance Programs, Retirement and Insurance Service, Office of Personnel Management, P.O. Box 57, Washington, DC 20044; delivered to OPM, Room 3425, 1900 E Street NW, Washington, DC; or FAX to (202) 606-0633.

FOR FURTHER INFORMATION CONTACT: Sharon Neuner, (202) 606-0004.

SUPPLEMENTARY INFORMATION: The Federal Employees Life Insurance Improvement Act increases the options available under the FEGLI Program to

provide greater choice of coverage and to continue coverage that would otherwise terminate. This has necessitated an expansion of the number of age bands and a change in the premium rates for all coverage categories. Additionally, the interim regulations change the current birthday rule effective date for Optional insurance when an employee, annuitant, or compensationner moves from one premium-rated age band to another for Optional insurance.

The standard age band of "60 and over" has been divided into three new age bands of 60-64, 65-69, and 70 and over for Option C insurance. Option C (Family) insurance new age bands are necessary to accommodate changes provided under the law, which allow for the election of unreduced Option C at retirement by continuing to pay premiums after age 65. Currently, an individual is considered to have reached age 35, 40, 45, 50, 55, or 60 on the first day of the first pay period beginning on or after the January 1 following his/her corresponding birthday. Effective April 24, 1999, the date for age-banded premium rate changes as a result of a birthday will be the first day of the pay period following the pay period in which the birthday occurs. For enrollees whose birthday occurs between January 1 and April 23, 1999, the effective date of the age-banded change will be the first pay period beginning on or after April 24, 1999. (For retirees, any changes in premium levels will be reflected in their June 1, 1999, annuity payments.)

The last premium change for Basic coverage and for some age categories for Option A (Standard), B, and C insurances was on the first pay period beginning on or after January 1, 1993. Actuarial analyses indicate the Federal Employees' Group Life Insurance Program continues to experience changes relevant to premiums, including improved mortality. This has resulted in a decrease in the Basic premium rate.

The reduction in Option A rates is due to improved morbidity. The reduction in Option B and C premium rates for enrollees in most age-bands under age 60 is primarily due to the change in the birthday rule, which will move enrollees into new age bands sooner.

As prescribed by law, there are increased coverage options under Option C which allow employees to elect coverage up to five times the current amount. The premium for Option C coverage will equal the premium rate for one multiple times the number of multiples selected. The new age bands and premium rates for 65-69 and 70 and over will go into effect on the first day of the pay period beginning on or after April 24, 2000.

Legislative changes eliminated the maximums on Basic and Option B. The elimination of the maximum for Basic and Option B means that the available amount of Option A coverage will be \$10,000 for all eligible employees.

As provided by law, an open enrollment period, effective April 24, 1999 through June 30, 1999, will be offered to employees. Employees will be given the chance to review their insurance needs and, if needed, either add to their coverage or enroll in FEGLI if they have previously waived some or all coverage. Proposed regulations will be published in the near future which expand on and clarify other changes in the Federal Employees' Group Life Insurance Program as a result of Pub. L. 105-311.

Finally, OPM is assessing the need for new age bands and increased premiums associated with retirees' new option of continuing unreduced Option B coverage beyond age 65. Since retirees and employees are covered by the same premium rates, this new option has the potential for significantly increasing the premiums that employees age 65 and over now pay. For example, rates could double for employees age 70 and over. Given this potential impact, OPM will not determine new age bands and premium rates until all alternatives have been thoroughly explored and the earliest that any increase would be effective is April 24, 2001. Any increases resulting from these changes would be phased in over a three-year period starting on that date.

Waiver of Notice of Proposed Rulemaking

Pursuant to section 553(b)(3)(B) of title 5 of the U.S. Code, I find that good cause exists for waiving the general notice of proposed rulemaking. This notice is being waived in order to implement required legislation within the time specified by law and in time for open enrollment decision making.

which will be held from April 24 to June 30, 1999. Waiver of the notice of proposed rulemaking will provide agencies with sufficient advanced notice to implement systems modifications required by these interim regulations.

Executive Order 12866, Regulatory Review

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

Regulatory Flexibility Act

I certify that these regulations will not have a significant economic impact on a substantial number of small entities because they affect Federal employees and annuitants only.

List of Subjects in 5 CFR Part 870

Administrative practice and procedure, Government employees, Hostages, Iraq, Kuwait, Lebanon, Life insurance, Retirement.

Office of Personnel Management.

Janice R. Lachance,
Director.

Accordingly, OPM is amending 5 CFR Part 870 as follows:

PART 870—FEDERAL EMPLOYEES' GROUP LIFE INSURANCE PROGRAM

1. The authority citation for part 870 is revised to read as follows:

Authority: 5 U.S.C. 8716; subpart J also issued under sec. 599C, Pub. L. 101-513, 104 Stat. 1979, § 870.302 also issued under secs. 11202(f), 11232(e), and 11246 (b) and (c) Pub. L. 105-33, 111 Stat. 251 and sec. 7(e), Pub. L. 105-274, 112 Stat. 2419; § 870.401 and 870.402 also issued under Pub. L. 105-311, 112 Stat. 2950.

Subpart D—Cost of Insurance

§ 870.401 Withholdings and contributions for Basic insurance.

2. In § 870.401, paragraphs (b)(1) and (d) are revised to read as follows:

* * * * *

(b)(1) During each pay period in which an insured employee is in pay status for any part of the period, \$0.1550 must be withheld from the employee's biweekly pay for each \$1,000 of the employee's BIA. The amount withheld from the pay of an employee who is paid on other than a biweekly basis must be prorated and adjusted to the nearest one-tenth of one cent.

* * * * *

(d)(1) For an annuitant who elects to continue Basic insurance and chooses the maximum reduction of 75 percent after age 65, under § 870.702(a)(2), the amount withheld monthly is \$0.3358 for

each \$1,000 of the BIA. For a compensationoner who makes this election, the amount withheld weekly is \$0.0775 for each \$1,000. These withholdings stop the month after the month in which the annuitant reaches age 65. There are no withholdings from individuals who retired or began receiving compensation before January 1, 1990, and who elected the 75 percent reduction. For the purpose of this paragraph, an individual who separates from service after meeting the requirements for an immediate annuity under 5 U.S.C. 8412(g) is considered to retire on the day before the annuity begins.

(2) For an annuitant who elects to continue Basic insurance and chooses the maximum reduction of 50 percent after age 65 under § 870.702(a)(3), the amount withheld monthly is \$0.9258 for each \$1,000 of the BIA until the month after the month in which the annuitant reaches age 65; the amount is then reduced to \$0.59 for each \$1,000. For a compensationoner who makes this election, the amount withheld weekly is \$0.2175 for each \$1,000 of the BIA until age 65; the amount is then reduced to \$0.14 for each \$1,000.

(3) For an annuitant who elects to continue Basic insurance and chooses no reduction after age 65 under § 870.702(a)(4), the amount withheld monthly is \$2.3758 for each \$1,000 of the BIA until the month after the month in which the annuitant reaches age 65; the amount is then reduced to \$2.04 for each \$1,000. For a compensationoner who makes this election, the amount withheld weekly is \$0.5475 for each \$1,000 of the BIA until age 65; the amount is then reduced to \$0.47 for each \$1,000.

§ 870.402 Withholdings for Optional insurance.

3. In § 870.402, the tables in paragraphs (d)(1) and (e)(1) are revised and paragraphs (f)(1) and (g) are revised to read as follows:

(d)(1) * * *

For persons under age 35	\$0.30
For persons ages 35 through 39 .....	.40
For persons ages 40 through 44 .....	.60
For persons ages 45 through 49 .....	.90
For persons ages 50 through 54	1.40
For persons ages 55 through 59	2.70
For persons ages 60 and over	6.00

* * * * *

(e)(1) * * *

For persons under age 35	\$0.03
For persons ages 35 through 39 .....	.04
For persons ages 40 through 44 .....	.06
For persons ages 45 through 49 .....	.10
For persons ages 50 through 54 .....	.15
For persons ages 55 through 59 .....	.31
For persons ages 60 and over .....	.70

* * * * *

(f)(1) The biweekly cost of Option C for one multiple of coverage is based on the age of the employee, annuitant, or compensationoner. Table 1 shows the age bands and associated cost up through age 59, effective the first day of the pay period beginning on or after April 24, 1999. The age bands 60-64, 65-69 and 70 and over, the applicable premium rates, and effective dates are shown in Table 2.

TABLE 1.

For persons under age 35	\$0.27
For persons ages 35 through 39 .....	.34
For persons ages 40 through 44 .....	.46
For persons ages 45 through 49 .....	.60
For persons ages 50 through 54 .....	.90
For persons ages 55 through 59	1.45

TABLE 2.—EFFECTIVE DATE

First pay period on or after	4/24/99	4/24/2000
For persons ages 60 through 64	2.60	2.60
For persons ages 65 through 69	2.60	3.00
For persons ages 70 and over	2.60	3.40

* * * * *

(g) For the purpose of this subpart, effective April 24, 1999, an individual is considered to reach age 35, 40, 45, 50, 55, 60, 65, or 70 on the first day of the pay period following the pay period in which his/her birthday occurs.

* * * * *

[FR Doc. 99-10595 Filed 4-23-99; 12:21 pm]
BILLING CODE 6325-01-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 99-NM-87-AD; Amendment 39-11138; AD 99-08-51]

RIN 2120-AA64

Airworthiness Directives; McDonnell Douglas Model MD-11 Series Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Final rule; request for comments.

SUMMARY: This document published in the **Federal Register** an amendment