

Proposed Rules

Federal Register

Vol. 78, No. 246

Monday, December 23, 2013

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

OFFICE OF PERSONNEL MANAGEMENT

5 CFR Part 870

RIN 3206-AM96

Federal Employees' Group Life Insurance Program: Options B and C

AGENCY: U.S. Office of Personnel Management.

ACTION: Proposed rule.

SUMMARY: The U.S. Office of Personnel Management (OPM) is proposing to amend the Federal Employees' Group Life Insurance (FEGLI) regulations to provide an election opportunity for employees enrolled in FEGLI Option B and Option C. This new procedure replaces the procedure by which FEGLI enrollees elect the allowable multiples of coverage they wish to continue during retirement or while receiving compensation.

DATES: Comments are due on or before February 21, 2014.

FOR FURTHER INFORMATION CONTACT: Ronald Brown, Policy Analyst, (202) 606-0004, or by email to Ronald.Brown@opm.gov.

SUPPLEMENTARY INFORMATION: On October 30, 1998, Public Law 105-311, 112 Stat. 2950, was signed into law. This law, the Federal Employees Life Insurance Improvement Act, changed many parts of the FEGLI Program. Before the enactment of Public Law 105-311, Option B and C coverage began to reduce for annuitants when they reached age 65. Both coverages were reduced by 2% per month until there was no coverage left. This reduction was automatic, and annuitants had no choice about it.

Public Law 105-311 allows an annuitant to make an election at retirement as to whether or not he/she wants Option B and Option C coverage to reduce. (This also applies to persons becoming insured as compensationers.)

Previous FEGLI regulations provided that shortly before an individual's 65th birthday, he/she would receive a

reminder notice, showing what coverage the annuitant/compensationeer elected and what the premiums would be for coverage beyond age 65. The individual then had an opportunity to change his/her election, including choosing to have some multiples of Optional insurance reduced and others not reduced. For a person already over age 65 at the time of retirement or becoming insured as a compensationeer, the reminder notice was sent as soon as the retirement processing was completed.

On October 1, 2010, OPM published FEGLI final regulations (75 FR 60573) with miscellaneous changes, clarifications, and corrections, ending the election opportunity at age 65. OPM has further reviewed the changes made to 5 CFR 870.705(b) and 870.705(d) that required that any employee separating for retirement or becoming insured as a compensationeer elect the number of multiples of Option B and Option C insurance he or she wants to continue by making an election at the time of retirement or at the time he or she becomes insured as a compensationeer.

In light of OPM policy to expand the options available under the FEGLI program and the comments received in response to our October 1, 2010 ruling, we are reversing this regulation so that the post-65 election for FEGLI Option B and Option C will be made at the time the enrollee attains age 65. We are restoring this election opportunity in order to allow enrollees expanded flexibility to choose among several retirement coverage levels beginning at age 65.

Changes

Public Law 105-311, the Federal Employees Life Insurance Improvement Act, 112 Stat. 2950, enacted October 30, 1998, amended chapter 87 of title 5, U.S. Code, to allow a retiring employee to elect either No Reduction or Full Reduction for his/her Option B and Option C coverage. This election was to be made at the time of retirement, the same as the election for Basic insurance. Implementing this provision required programming changes to the electronic records system for an annuitant to allow for "mixed" elections, *i.e.*, electing reductions for some coverage but not for other coverage. While these system changes were being made, an annuitant was required to elect either No Reduction or Full Reduction for Option

B and Option C coverage at the time of retirement. Then, shortly before the annuitant's 65th birthday, the insured was given a second opportunity to make another election, this time being allowed to choose No Reduction for some multiples and Full Reduction for others. While the law states that the election must be made at the time of retirement, enrollees affected by this provision have expressed interest in having a second election. Thus, we are restoring the opportunity for a second election at age 65. This change can be found in section 870.705(b) and 870.705(d).

Regulatory Flexibility Act

I certify that this regulation will not have a significant economic impact on a substantial number of small entities because the regulation only affects life insurance benefits of Federal employees and retirees.

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 870

Administrative practice and procedure, Government employees, Life insurance, Retirement.

U.S. Office of Personnel Management.

Katherine Archuleta,
Director.

For the reasons stated in the preamble, OPM proposes to amend 5 CFR part 870 as follows:

PART 870—FEDERAL EMPLOYEES' GROUP LIFE INSURANCE PROGRAM

■ 1. The authority citation for 5 CFR part 870 is revised to read as follows:

Authority: 5 U.S.C. 8716; Subpart J also issued under section 599C of Pub. L. 101-513, 104 Stat. 2064, as amended; Sec. 870.302(a)(3)(ii) also issued under section 153 of Pub. L. 104-134, 110 Stat. 1321; Sec. 870.302(a)(3) also issued under sections 11202(f), 11232(e), and 11246(b) and (c) of Pub. L. 105-33, 111 Stat. 251, and section 7(e) of Pub. L. 105-274, 112 Stat. 2419; Sec. 870.302(a)(3) also issued under section 145 of Pub. L. 106-522, 114 Stat. 2472; Secs. 870.302(b)(8), 870.601(a), and 870.602(b) also issued under Pub. L. 110-279, 122 Stat. 2604; Subpart E also issued under 5 U.S.C. 8702(c); Sec. 870.601(d)(3) also issued under 5 U.S.C. 8706(d); Sec. 870.703(e)(1) also issued under section 502 of Pub. L. 110-177, 121 Stat.

2542; Sec. 870.705 also issued under 5 U.S.C. 8714b(c) and 8714c(c); Public Law 104-106, 110 Stat. 521.

Subpart G—Annuitants and Compensationers

■ 2. Amend § 870.705 by revising paragraph (b)(3)(ii), adding paragraph (b)(4), and revising paragraph (d)(1)(i) to read as follows:

§ 870.705 Amount and election of Option B and Option C.

* * * * *

(b) * * *

(3) * * *

(ii) Except as provided in paragraph (b)(4) of this section, after reaching age 65, an annuitant or compensationer cannot change from Full Reduction to No Reduction.

(4)(i) Shortly before an annuitant or compensationer's 65 birthday, the retirement system will send a reminder about the election he/she made and will offer the individual a chance to change the election. At that time, the annuitant or compensationer can choose to have some multiples of Option B and Option C reduce and some not reduce.

(ii) If the individual is already 65 or older at the time of retirement or becoming insured as a compensationer, the retirement system will send the reminder and give the opportunity to change the election as soon as the retirement processing or compensation transfer is complete.

(iii) If the individual assigned his/her insurance as provided in subpart I of this part, and if the employee elected No Reduction for Option B coverage at the time of retirement or becoming insured as a compensationer, the retirement system will send the reminder notice for Option B coverage to the assignee.

(iv) An annuitant or compensationer who wishes to change his/her reduction election must return the notice by the end of the month following the month in which the individual turns 65, or if already over age 65, by the end of the 4th month after the date of the letter. An annuitant or compensationer who does not return the election notice will keep his/her initial election.

* * * * *

(d)(1) * * *

(i) Annuitants and compensationers who were under age 65 were notified of the option to elect No Reduction. The retirement system will send these individuals an actual election notice before their 65th birthday, as provided in paragraph (b)(4) of this section.

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[FR Doc. 2013-30415 Filed 12-20-13; 8:45 am]

BILLING CODE 6325-39-P

OFFICE OF PERSONNEL MANAGEMENT

5 CFR Part 894

RIN 3206-AM57

Federal Employee Dental and Vision Insurance Program; Qualifying Life Event Amendments

AGENCY: U.S. Office of Personnel Management.

ACTION: Notice of Proposed Rulemaking.

SUMMARY: The U.S. Office of Personnel Management (OPM) is issuing a Notice of Proposed Rulemaking to change some conditions under which Federal employees may change an enrollment status under the Federal Employee Dental and Vision Insurance Program. OPM is proposing these changes to expand the opportunities for FEDVIP enrollment changes and therefore better align FEDVIP with the Federal Employees Health Benefits (FEHB) Program.

DATES: *Comment date:* Comments are due on or before February 21, 2014.

ADDRESSES: You may submit comments, identified by RIN number “3206-AM57” using any of the following methods:

Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.

Mail: Planning and Policy Analysis, U.S. Office of Personnel Management, 1900 E Street NW., Washington, DC 20415, Michael W. Kaszynski.

FOR FURTHER INFORMATION CONTACT: Michael W. Kaszynski, Senior Policy Analyst at mwkaszyn@opm.gov or (202) 606-0004.

SUPPLEMENTARY INFORMATION: The U.S. Office of Personnel Management (OPM) is issuing a Notice of Proposed Rulemaking to change some of the requirements for Federal employees to make enrollment changes under the Federal Employee Dental and Vision Insurance Program (FEDVIP). OPM is proposing these changes to expand the opportunities for FEDVIP enrollment changes and therefore better align FEDVIP with the Federal Employees Health Benefits (FEHB) Program.

The Federal Employee Dental and Vision Benefits Enhancement Act of 2004 provided OPM the opportunity to establish arrangements under which supplemental dental and vision benefits were made available to federal employees, retirees, and their family members.

FEDVIP is available to eligible Federal and Postal employees, retirees, and their eligible family members on an enrollee-

pay-all basis. This program allows dental and vision insurance to be purchased on a group basis with competitive premiums and no pre-existing condition limitations. Premiums for enrolled federal and postal employees are withheld from salary on a pre-tax basis.

Enrollment takes place during the annual Federal Benefits Open Season in November and December of each year. New and newly eligible employees can enroll within 60 days after they become eligible.

Eligible individuals can enroll in a dental plan and/or a vision plan. Individuals may enroll in a plan for Self-only, Self plus one, or Self and family coverage. The rules for family members' eligibility are the same as they are for the FEHB Program.

OPM is proposing to expand enrollment opportunities so FEDVIP enrollees can make enrollment changes under the same qualifying life events (QLEs) as enrollees under the FEHB Program. This Notice of Proposed rulemaking is intended to authorize this change.

Regulatory Impact Analysis

OPM has examined the impact of this proposed rule as required by Executive Order 12866 and Executive Order 13563, which directs agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public, health, and safety effects, distributive impacts, and equity). A regulatory impact analysis must be prepared for major rules with economically significant effects of \$100 million or more in any one year. This rule is not considered a major rule because there will be a minimal impact on costs to Federal agencies.

Regulatory Flexibility Act

I certify that this regulation will not have a significant economic impact on a substantial number of small entities because the regulation only adds flexibility to the current enrollment process.

Executive Order 12866, Regulatory Review

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

Federalism

We have examined this rule in accordance with Executive Order 13132, Federalism, and have determined that this rule will not have any negative