



Benefits Administration Letter

Number: 04-207

Date: September 7, 2004

Subject: Federal Employees' Group Life Insurance Program: Belated Open Season Elections and Open Season Election Errors

GENERAL INFORMATION

Background

The Office of Personnel Management (OPM) is conducting an open season for the Federal Employees' Group Life Insurance (FEGLI) Program from September 1, 2004, through September 30, 2004. This is the fourth in a series of Benefits Administration Letters (BALs) providing information relating to the open season.

- On May 25, 2004, we issued BAL 04-203 announcing the open season and providing information on making elections, the effective date of new coverage, and pay and duty status requirements.
- On July 16, 2004, we issued BAL 04-205 describing the educational materials available for the open season and giving instructions on ordering materials.
- On August 11, 2004, we issued BAL 04-206 providing information on the open season website and giving text for email messages that agencies can send to employees regarding the open season.

Purpose

The purpose of this BAL is to discuss belated open season elections and open season election errors resulting in the inadvertent cancellation of Optional insurance.

BELATED OPEN SEASON ELECTIONS

Regulatory Authority

FEGLI regulations (5 CFR 870.507(d)) allow a belated open season election if, within 6 months after an open season ends, an agency determines that an employee was unable to make the election on a timely basis for reasons beyond his/her control. If an agency makes such a

determination, the employee must make the election within 31 days after the agency's notification. A belated election is effective the same date as a timely election and is subject to the same pay and duty status requirements.

Agencies may use this authority to make belated election determinations through March 31, 2005.

Special Authority for the FEGLI 2004 Open Season

OPM is granting agencies the authority to accept belated open season elections beyond the 6-month regulatory time limit for 2 categories of employees:

1. Employees who have been called to active military duty in the Reserves or National Guard before October 1, 2004; and
2. Employees who have been sent overseas in a civilian military support capacity before October 1, 2004.

Employees in the first category may make an open season election **within 31 days** of returning to a covered civilian position, even if their return is after March 31, 2005. Employees in the second category may make an open season election **within 31 days** of returning to a covered position that's not in a military support capacity, even if that return is after March 31, 2005.

Effective Date of Elections Made under the Special Authority

The effective date of coverage elected under this special authority is the same date as all other open season elections: The first day of the first pay period that begins on or after September 1, 2005, and follows a pay period during which the employee meets the pay and duty requirements (see BAL 04-203).

To determine the effective date for a specific employee look at the "normal" effective date (September 4, 2005, for most employees) and see if the employee met the pay and duty status requirements in the preceding pay period. If not, move the effective date forward until you come to the start of a pay period that follows one in which the employee did meet the pay and duty status requirements. If the effective date is retroactive, the employee must pay premiums back to that date.

Note: These extended belated open season elections, like all other open season elections (both timely and belated), must be made on the FE-2004, *not* on the SF 2817. Note in the Remarks section that you are allowing the belated election under the special authority granted in this BAL (or under the regulatory authority at 5 CFR 870.507(d) if that is the case).

Please keep track of the number of belated elections you allow under this authority, as OPM will request this information at some point.

OPEN SEASON ELECTION ERRORS

Not Signing for All Coverage

When making an open season election, an employee must sign for all coverage he/she wants. This includes signing for all existing coverage (if the employee wants to keep that coverage), in addition to signing for new coverage. For example, an employee who has Basic insurance and 5 multiples of Option C, who wants to add 5 multiples of Option B, must complete the FE-2004 election form by signing for the existing coverage (Basic and 5 multiples of C), as well as the new coverage (5 multiples of B). If the employee signs for only Basic and the new Option B coverage, he/she cancels the existing Option C coverage.

Despite our displaying this information prominently on the FE-2004 election form and other open season material, we know that some employees will complete the FE-2004 incorrectly and sign only for Basic and the new coverage being elected, thereby inadvertently canceling their current Optional coverage.

(Note: An employee must have Basic insurance in order to have any Optional insurance. If an employee signs for Optional insurance only, note in the Remarks section of the FE-2004 that the employee forgot to sign for Basic. Process the open season election as if the employee did sign for Basic.)

Correction Authorized

OPM is authorizing agencies to correct an employee's error and reinstate the erroneously cancelled Optional coverage, if the employee notifies his/her personnel office of the mistake before the end of the 2nd pay period following the one in which the open season election became effective. (For employees whose coverage goes into effect 9/4/05, this would be the pay period ending 10/15/05.)

Example 1

Marty had Basic insurance and 1 multiple of Option B. During the open season he wanted to add 5 multiples of Option C. Marty completed the FE-2004 electing Basic and 5 multiples of Option C. By not signing for Option B, Marty cancelled his existing Option B coverage. Marty's new coverage (Basic and Option C) went into effect 9/4/05. Marty received his pay for that pay period on 9/23/05. He noticed right away that no withholding had been made for Option B. He checked with his payroll office and learned that they had stopped withholding for Option B, because he had cancelled it with his open season election. Marty contacted his personnel office on 10/3/05 and explained that he had made a mistake. His personnel office can reinstate his Option B coverage retroactive to 9/4/05. Marty must pay the back premiums.

Example 2

Marcy had Basic insurance and 1 multiple of Option B. During the open season she wanted to add 5 multiples of Option C. Marcy completed the FE-2004 electing Basic and 5 multiples of Option C. By not signing for Option B, Marcy cancelled her existing Option B coverage.

Marcy's new coverage (Basic and Option C) went into effect 9/4/05. Marcy received her pay for that pay period on 9/23/05, but she didn't check her withholdings. In December Marcy finally checked her FEGLI withholdings and noticed that her payroll office was no longer withholding for Option B. When she found out that she had cancelled her coverage with her open season election, Marcy contacted her personnel office and told them that she didn't mean to do that. At this point it is too late for Marcy's personnel office to reinstate her Option B coverage. Marcy can get Option B again only by waiting a year after the effective date of the cancellation and having a physical, by electing it during a subsequent open season, or by electing it within 60 days of a life event.

To correct an error as described above, have the employee complete a new FE-2004. Note in the remarks section that you are allowing the reinstatement of erroneously cancelled coverage as authorized in this BAL.

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