

Public Law 103-409
103d Congress

An Act

To amend chapter 87 of title 5, United States Code, to provide that group life insurance benefits under such chapter may, upon application, be paid out to an insured individual who is terminally ill; to provide for continuation of health benefits coverage for certain individuals enrolled in health benefits plans administered by the Office of the Comptroller of the Currency or the Office of Thrift Supervision; and for other purposes.

Oct. 25, 1994
[H.R. 512]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

FEGLI Living
Benefits Act.
5 USC 8701
note.

SECTION 1. SHORT TITLE.

This Act may be cited as the "FEGLI Living Benefits Act".

SEC. 2. OPTION TO RECEIVE "LIVING BENEFITS".

(a) IN GENERAL.—Chapter 87 of title 5, United States Code, is amended by inserting after section 8714c the following:

"§ 8714d. Option to receive 'living benefits'

"(a) For the purpose of this section, an individual shall be considered to be 'terminally ill' if such individual has a medical prognosis that such individual's life expectancy is 9 months or less.

Regulations.

"(b) The Office of Personnel Management shall prescribe regulations under which any individual covered by group life insurance under section 8704(a) may, if such individual is terminally ill, elect to receive a lump-sum payment equal to—

"(1) the full amount of insurance under section 8704(a) (or portion thereof designated for this purpose under subsection (d)(4)) which would otherwise be payable under this chapter (on the establishment of a valid claim)—

"(A) computed based on a date determined under regulations of the Office (but not later than 30 days after the date on which the individual's application for benefits under this section is approved or deemed approved under subsection (d)(3)); and

"(B) assuming continued coverage under this chapter at that time;

reduced by

"(2) an amount necessary to assure that there is no increase in the actuarial value of the benefit paid (as determined under regulations of the Office).

"(c)(1) If a lump-sum payment is taken under this section—

"(A) no insurance under the provisions of section 8704 (a) or (b) shall be payable based on the death or any loss of the individual involved, unless the lump-sum payment rep-

resents only a portion of the total benefits which could have been taken, in which case benefits under those provisions shall remain in effect, except that the basic insurance amount on which they are based—

“(i) shall be reduced by the percentage which the designated portion comprised relative to the total benefits which could have been taken (rounding the result to the nearest multiple of \$1,000 or, if midway between multiples of \$1,000, to the next higher multiple of \$1,000); and

“(ii) shall not be subject to further adjustment; and
“(B) deductions and withholdings under section 8707, and contributions under section 8708, shall be terminated with respect to such individual (or reduced in a manner consistent with the percentage reduction in the individual’s basic insurance amount, if applicable), effective with respect to any amounts which would otherwise become due on or after the date of payment under this section.

“(2) An individual who takes a lump-sum payment under this section (whether full or partial) remains eligible for optional benefits under sections 8714a–8714c (subject to payment of the full cost of those benefits in accordance with applicable provisions of the section or sections involved, to the same extent as if no election under this section had been made).

“(d)(1) The Office’s regulations shall include provisions regarding the form and manner in which an application under this section shall be made and the procedures in accordance with which any such application shall be considered.

“(2) An application shall not be considered to be complete unless it includes such information and supporting evidence as the regulations require, including certification by an appropriate medical authority as to the nature of the individual’s illness and that the individual is not expected to live more than 9 months because of that illness.

“(3)(A) In order to ascertain the reliability of any medical opinion or finding submitted as part of an application under this section, the covered individual may be required to submit to a medical examination under the direction of the agency or entity considering the application. The individual shall not be liable for the costs associated with any examination required under this subparagraph.

“(B) Any decision by the reviewing agency or entity with respect to an application for benefits under this section (including one relating to an individual’s medical prognosis) shall not be subject to administrative review.

“(4)(A) An individual making an election under this section may designate that only a limited portion (expressed as a multiple of \$1,000) of the total amount otherwise allowable under this section be paid pursuant to such election.

“(B) A designation under this paragraph may not be made by an individual described in paragraph (1) or (2) of section 8706(b).

“(5) An election to receive benefits under this section shall be irrevocable, and not more than one such election may be made by any individual.

“(6) The regulations shall include provisions to address the question of how to apply section 8706(b)(3)(B) in the case of an electing individual who has attained 65 years of age.”

(b) TABLE OF SECTIONS.—The table of sections for chapter 87 of title 5, United States Code, is amended by inserting after the item relating to section 8714c the following:

“8714d. Option to receive ‘living benefits’.”.

SEC. 3. EFFECTIVE DATE; OPEN SEASON AND NOTICE.

(a) EFFECTIVE DATE.—The amendments made by section 2 shall take effect 9 months after the date of the enactment of this Act.

(b) OPEN SEASON; NOTICE.—(1) The Office of Personnel Management shall prescribe regulations under which, beginning not later than 9 months after the date of the enactment of this Act, and over a period of not less than 8 weeks—

(A) an employee (as defined by section 8701(a) of title 5, United States Code) who declined or voluntarily terminated coverage under chapter 87 of such title—

(i) may elect to begin, or to resume, group life insurance and group accidental death and dismemberment insurance; and

(ii) may make such other elections under such chapter as the Office may allow; and

(B) such other elections as the Office allows may be made.

(2) The Office shall take such action as may be necessary to ensure that employees and any other individuals who would be eligible to make an election under this subsection are afforded advance notification to that effect.

SEC. 4. FUNDING.

Notwithstanding section 8714(a)(1) of title 5, United States Code, the Office of Personnel Management shall retain in the Employees' Life Insurance Fund such portion of premium payments otherwise due as will, no later than September 30, 1995, permanently reduce the contingency reserve established under the third sentence of section 8712 of such title 5 by an amount equal to the amount by which payments from the Employees' Life Insurance Fund during the fiscal year ending September 30, 1995, exceed the payments that would have been paid had the amendments made by this Act not been enacted.

SEC. 5. CONTINUATION OF HEALTH BENEFITS COVERAGE FOR INDIVIDUALS ENROLLED IN A PLAN ADMINISTERED BY THE OFFICE OF THE COMPTROLLER OF THE CURRENCY OR THE OFFICE OF THRIFT SUPERVISION.

(a) ENROLLMENT IN CHAPTER 89 PLAN.—For purposes of the administration of chapter 89 of title 5, United States Code, any period of enrollment under a health benefits plan administered by the Office of the Comptroller of the Currency or the Office of Thrift Supervision before the termination of such plans on January 7, 1995, shall be deemed to be a period of enrollment in a health benefits plan under chapter 89 of such title.

(b) CONTINUED COVERAGE.—(1) Any individual who, on January 7, 1995, is covered by a health benefits plan administered by the Office of the Comptroller of the Currency or the Office of Thrift Supervision may enroll in an approved health benefits plan described under section 8903 or 8903a of title 5, United States Code—

(A) either as an individual or for self and family, if such individual is an employee, annuitant, or former spouse as defined under section 8901 of such title; and

5 USC 8704
note.
Regulations.
5 USC 8701
note.

5 USC 8714
note.

5 USC 8901
note.

(B) for coverage effective on and after January 8, 1995.

(2) An individual who, on January 7, 1995, is entitled to continued coverage under a health benefits plan administered by the Office of the Comptroller of the Currency or the Office of Thrift Supervision—

(A) shall be deemed to be entitled to continued coverage under section 8905a of title 5, United States Code, for the same period that would have been permitted under the plan administered by the Office of the Comptroller of the Currency or the Office of Thrift Supervision; and

(B) may enroll in an approved health benefits plan described under section 8903 or 8903a of such title in accordance with section 8905a of such title for coverage effective on and after January 8, 1995.

(3) An individual who, on January 7, 1995, is covered as an unmarried dependent child under a health benefits plan administered by the Office of the Comptroller of the Currency or the Office of Thrift Supervision and who is not a member of family as defined under section 8901(5) of title 5, United States Code—

(A) shall be deemed to be entitled to continued coverage under section 8905a of such title as though the individual had, on January 7, 1995, ceased to meet the requirements for being considered an unmarried dependent child under chapter 89 of such title; and

(B) may enroll in an approved health benefits plan described under section 8903 or 8903a of such title in accordance with section 8905a for continued coverage effective on and after January 8, 1995.

(c) TRANSFERS TO THE EMPLOYEES HEALTH BENEFITS FUND.—The Office of the Comptroller of the Currency and the Office of Thrift Supervision shall transfer to the Employees Health Benefits Fund established under section 8909 of title 5, United States Code, amounts determined by the Director of the Office of Personnel Management, after consultation with the Office of the Comptroller of the Currency and the Office of Thrift Supervision, to be necessary to reimburse the Fund for the cost of providing benefits under this section not otherwise paid for by the individuals covered by this section. The amounts so transferred shall be held in the Fund and used by the Office in addition to amounts available under section 8906(g)(1) of such title.

(d) ADMINISTRATION AND REGULATIONS.—The Office of Personnel Management—

(1) shall administer the provisions of this section to provide for—

(A) a period of notice and open enrollment for individuals affected by this section; and

- (B) no lapse of health coverage for individuals who enroll in a health benefits plan under chapter 89 of title 5, United States Code, in accordance with this section; and
(2) may prescribe regulations to implement this section.

Approved October 25, 1994.

LEGISLATIVE HISTORY—H.R. 512:

HOUSE REPORTS: No. 103-608 (Comm. on Post Office and Civil Service).

SENATE REPORTS: 103-395 (Comm. on Governmental Affairs).

CONGRESSIONAL RECORD, Vol. 140 (1994):

July 19, considered and passed House.

Oct. 7, considered and passed Senate, amended. House concurred in Senate amendments.