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Sent: Monday, October 04, 2010 3:20 PM
Subject: 2011 Health Reform Changes for Federal Employees

Distribution: Department-wide (Except BEA, Census, ESA, PTO)

On March 23, 2010, President Obama signed the Affordable Care Act (ACA), Public Law 111-148. Several provisions of the ACA will affect eligibility and benefits under the Federal Employees Health Benefits (FEHB) Program and the Federal Flexible Spending Account Program (FSAFEDS) beginning January 1, 2011. Please read the information below carefully.

FEHB PROGRAM

CHILDREN ELIGIBLE FOR FEHB COVERAGE AS DEPENDENTS

- > Children up to the age of 26 are covered under their parent's Self and Family enrollment.
- > Married children (but NOT their spouse or their own children) are covered up to age 26.
- > Children who are eligible for or have their own employer-provided health insurance are eligible for coverage up to age 26. FEHB will be the secondary payer.
- > Stepchildren do not need to live with the enrollee in a parent-child relationship to be eligible for coverage up to age 26.
- > Children who are incapable of self-support because of a mental or physical disability that began before age 26 are eligible to continue coverage.
- > Foster children are eligible for coverage up to age 26.

Children DO NOT have to live with their parent, be financially dependent upon them, or be students in order to be covered up to age 26. FEHB Program plans will send notice to all enrollees of the coverage eligibility changes as a part of their Open Season communications.

Open Season begins Monday, November 8, 2010 through Monday, December 13, 2010.

THREE WAYS TO ADD NEWLY ELIGIBLE CHILDREN TO YOUR FEHB PLAN

- > If you currently have a Self and Family enrollment and DO NOT change to another health plan or option during Open Season, CONTACT YOUR FEHB PLAN and give them information on your newly eligible child. DO NOT complete an SF-2809, Health Benefits Election Form, or enter dependent information in the Employee Personal Page (EPP) to add your child to an existing Self and Family enrollment. Your child will be covered on JANUARY 1, 2011.
- > If you currently have a Self Only enrollment and have newly eligible children, you must change your enrollment from Self Only to Self and Family if you want your children covered. Use an SF-2809 or the Employee Personal Page (EPP) at www.nfc.usda.gov/personal/index.aspx to make this change.
- > If you are not currently enrolled and want FEHB coverage since your children are now eligible, you must enroll in Self and Family coverage to provide for them. Use an SF-2809 or the EPP at www.nfc.usda.gov/personal/index.aspx to make this change.

If you are enrolling or changing your enrollment, be sure to INCLUDE ALL CHILDREN UP TO AGE 26 when completing your SF-2809 or the EPP.

EFFECTIVE DATE OF COVERAGE FOR NEWLY ELIGIBLE CHILDREN The effective date of coverage for your newly eligible children depends upon the event used to enroll or change enrollment.

Employees (including those currently receiving benefits from the Office of Workers' Compensation (OWCP)) who enroll or change their enrollment as a "change in family status," qualifying life event (QLE) must use '1C' for employees and '2B' for OWCP recipients as the qualifying life event code on the SF-2809. You may change your enrollment from 31 days

before to 60 days after January 1, 2011. Your change to Self and Family will take effect on the first day of the pay period that includes January 1, 2011. If you make your QLE change after January 1, your child will be covered retroactively to January 1, 2011, and you will pay retroactive premiums back to the effective date of the enrollment or change.

A new or changed enrollment processed as an Open Season change WILL TAKE EFFECT on January 2, 2011. For employees receiving OWCP benefits, the change WILL TAKE EFFECT on January 16, 2011.

For Civil Service Retirement System and Federal Employees Retirement System (CSRS/FERS) annuitants, Temporary Continuation of Coverage (TCC) enrollees and former spouses, an enrollment or change in enrollment made either as a "change in family status" QLE or as an Open Season change WILL PROVIDE COVERAGE of eligible children on January 1, 2011.

If you have a Self Only enrollment and would like to cover your newly eligible child, you must change to a Self and Family enrollment. If you don't, then your child will not be covered.

TEMPORARY CONTINUATION OF COVERAGE (TCC) Children who lose coverage due to reaching age 26 are eligible for TCC for up to 36 months even if they previously had TCC.

If you are a child of an FEHB enrollee and are now enrolled under TCC, you may no longer need your TCC enrollment since you will be covered under your parent's Self and Family enrollment. Once you are assured of coverage, you may want to cancel your TCC enrollment. To cancel your TCC, contact the National Finance Center at: USDA, National Finance Center, DPRS Billing Unit, PO Box 61760, New Orleans, LA 70161-1760, or nfc.dprs@usda.gov, or (800) 242-9630.

HIGH DEDUCTIBLE HEALTH PLANS

Beginning January 1, 2011, currently eligible over-the-counter (OTC) products that are medicines or drugs will not be eligible for reimbursement from your Health Savings Account (HSA) or your Health Reimbursement Arrangement (HRA) - unless - you have a prescription for them. The only exception is insulin; you will not need a prescription after January 1, 2011. Other currently eligible OTC items that are not medicines or drugs will not require a prescription.

Effective January 1, 2011, the 10 percent penalty for non-eligible medical expenses paid from an HSA will increase to 20 percent.

FSAFEDS PROGRAM

COVERAGE OF OVER-THE-COUNTER MEDICINES OR DRUGS Beginning January 1, 2011, currently eligible over-the-counter (OTC) products that are medicines or drugs will not be eligible for reimbursement from your Health Care FSA - unless - you have a prescription for them. The only exception is insulin; you will not need a prescription. Other currently eligible OTC items that are not medicines or drugs will not require a prescription.

You will only be reimbursed for eligible OTC medicines and drugs purchased before January 1, 2011, and you must submit your claim on or before April 30, 2011.

EXPANDED COVERAGE FOR YOUR CHILD'S ELIGIBLE HEALTH CARE EXPENSES Beginning January 1, 2011, an employee enrolled in FSAFEDS may request reimbursement for eligible health care expenses incurred by a natural child, stepchild, adopted child, eligible foster child, or a child who is placed with the employee for legal adoption. The child does not need to reside with the employee or qualify as the employee's tax dependent.

The age of a child who may incur eligible expenses under an employee's Health Care FSA has been extended. Expenses of an employee's child are covered through the taxable year prior to

the taxable year in which the child turns age 27. This means the child's health care expenses are not eligible for reimbursement during the entire taxable year in which the child turns age 27.

The ACA does not affect Dependent Care FSAs.

For more information, contact FSAFEDS at 1-877-372-3337/ TTY 1-800-952-0450.

OTHER FEDERAL BENEFITS PROGRAMS

Other Federal benefits programs are not affected by the ACA for 2011. The Act has made no changes to the Federal Employees Dental and Vision Insurance Program (FEDVIP), the Federal Employees' Group Life Insurance Program (FEGLI) or the Federal Long Term Care Insurance Program (FLTCIP). Health care reform does not extend coverage for children until age 26 or provide coverage for married dependent children under these programs.

Please contact your Servicing Human Resources Office for additional information.

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