

## CHAPTER 38

### LIFE AND HEALTH INSURANCE

#### 38-1. LIFE INSURANCE.

Federal employees with some exceptions are given the opportunity to participate in a group life insurance plan through the Federal Employees Group Life Insurance (FEGLI) Program. In general, the Basic coverage is effective the first day an employee officially enters on duty. This group insurance, i.e., term insurance, is underwritten by a large number of private insurance companies and has no cash or loan value. The employee pays two-thirds of the cost of insurance and the government pays the remaining third for basic coverage and the employee pays the full cost for any selected options. Deductions for FEGLI are reflected on Leave and Earnings Statements. Elections for coverage are documented on the Report of Personnel Action, Standard Form 50 that is prepared and forwarded to the employee upon employment with the Government.

Basic coverage is computed at (a) the amount of annual pay rounded to the next \$1,000 plus \$2,000 or (b) \$10,000.

a. An employee may choose one or all of the three options below:

(1) Option A. Standard Optional Insurance. Election of this option provides \$10,000 of life insurance with the cost of coverage dependent upon the age of the employee. If this option is selected, the employee is also provided coverage for Accidental Death and Dismemberment. The government pays for the coverage for the Accidental Death and Dismemberment portion of insurance.

(2) Option B. Additional Optional Insurance. Allows an employee to select an additional amount of coverage, i.e., one to five times the amount of basic pay.

(3) Option C. Additional Optional Insurance. Public Law 105-311 enacted 30 October 1998 allows employees to elect up to five multiples for (a) their spouse, and (b) each eligible child. Currently, the maximum coverage for a spouse is \$25,000 and the maximum coverage for each child is \$12,500. This law also covers eligible foster children.

NOTE: Options B and C (or both) may be elected only if an employee elects Basic coverage.

b. The Accidental Death and Dismemberment Coverage ceases at retirement and cannot be continued. Federal Employee Group Life Insurance may be assigned to another person or persons; i.e., one or more specifically named individuals, a corporation or to an irrevocable trust. The designation of assignment can only be done one time and can never be changed. Assignment is an agreement by you to give up your Basic, Standard Optional and Additional Optional life insurance coverage FOREVER. An employee may elect to receive a lump-sum payment (living benefits) if he/she is terminally ill and an official medical prognosis document states that he/she has a life expectancy of nine months or less.

#### 38-2. HEALTH INSURANCE.

a. The Federal Employees Health Benefits Program helps to protect employees and families against the cost of illness. Participation is voluntary. New employees have 60 days from the date of appointment to enroll. Each year the Office of Personnel Management establishes a time period referred to as "open season" during which employees may enroll, change insurance carriers and/or insurance options, or make other health insurance changes that they desire.

b. There are four types of insurance plans available: (a) Service Benefit, (b) Indemnity Benefit Plan, (c) Employee Organization Plan, and (d) Prepaid Plan. Most of the plans are open to all employees. Employees should become knowledgeable about plans as some may require specific conditions such as health care services provided only in a specific city or facility, employment must be with a particular agency, or that the employee belong to a union, etc.

c. Cost for plans differ and costs may change (usually at the end of each year). The Government pays a portion of the cost for permanent employees and the employee pays the remaining portion of the premium. Temporary employees are eligible for health insurance only after they have been employed for one full year. Temporary employees must pay the full premium for any health insurance; the government does not contribute toward health insurance costs for temporary employees.

d. When an employee resigns from their employment with the government, he/she may be eligible for Temporary Continuation of

Coverage (TCC). Coverage may continue for 18 months and the employee must pay 102% of the cost for the coverage. An employees' spouse (or former spouse) and children may also be entitled to TCC for 36 months. Health benefits coverage may be canceled at any time; if you are **NOT** participating in pre-tax premium deduction. Otherwise, you may cancel your coverage only during open season or if you have a Life Changing Event.

38-3. ADDITIONAL INFORMATION.

a. Employees may contact the Army Benefits Center - Civilian (ABC-C) using an Interactive Voice Response System (IVRS) and Web site at [www.opm.gov/insure/life](http://www.opm.gov/insure/life).

b. Appointments with a Customer Service Representative located within the Human Resource Center of the Civilian Personnel Advisory Center are available for assistance.

Supervisors and managers should refer all questions regarding life and health benefits to advisors in Civilian Personnel Administration/Human Resource Offices. Coercion of an employee to participate in any plan or program is prohibited and may result in improper or irrevocable changes and affect employee benefits or entitlements.