DEPARTMENT OF DEFENSE
CIVILIAN PERSONNEL ADVISORY SERVICE
1400 KEY BOULEVARD
ARLINGTON, VA 22209-5144

MAR 02 2012

MEMORANDUM FOR HUMAN RESOURCES DIRECTORS

SUBJECT: Fiscal Year 2012 National Defense Authorization Act – Extension of Payment Provisions for Temporary Continuation of Coverage (TCC) of Health Benefits for Employees Separated by Reduction in Force (RIF)

The purpose of this memorandum is to provide information on the extension of 5 United States Code (USC) 8905a(d)(4) payment provisions for continued health benefits coverage for Department of Defense (DoD) employees who separate from Federal service and lose their Federal Employees Health Benefits (FEHB) due to a RIF. The statute limiting these employees' cost of continuation of FEHB coverage to the employee contribution was scheduled to expire February 1, 2012, but was extended through February 1, 2017 by section 1123 of the National Defense Authorization Act of FY 2012 (see attached) which amended 5 USC 8905a(d)(4)(b) (attached).

Under the extended provisions concerning payment of continued health benefits coverage, former DoD employees, who separate from the Federal service and lose their FEHB due to a RIF and otherwise meet the criteria of 5 USC 8905a(d)(4)(B), will not be required to pay the government share of the FEHB premium or the additional administrative charge typically required for temporary continued FEHB coverage. These subsidized payment provisions could apply to any individual whose continued coverage is based on a separation occurring on or after October 23, 1992 and before December 31, 2016; or February 1, 2017, if specific notices of separation are given to the individuals before December 31, 2016. Under continuation of the special payment authority in section 8905, such employees would continue to pay the employee share of the FEHB premium and the DoD Components and Agencies would pay the government's share and administrative charges of the premiums for all eligible individuals.

Employees with specific questions should be directed to their servicing Human Resource Office for assistance.

Tony Whitehouse

Tony Whitehouse
Director, Human Resources
Operational Programs and Advisory Services

Attachments:
As stated

SEC. 1122. AUTHORITY FOR WAIVER OF RECOVERY OF CERTAIN PAYMENTS PREVIOUSLY MADE UNDER CIVILIAN EMPLOYEES VOLUNTARY SEPARATION INCENTIVE PROGRAM.

(a) AUTHORITY FOR WAIVER.—Subject to subsection (c), the Secretary of Defense may waive the requirement under subsection (f)(6)(B) of section 9902 of title 5, United States Code, for repayment to the Department of Defense of a voluntary separation incentive payment made under subsection (f)(1) of that section in the case of an employee or former employee of the Department of Defense described in subsection (b).

(b) PERSONS COVERED.—Subsection (a) applies to any employee or former employee of the Department of Defense—

(1) who during the period beginning on April 1, 2004, and ending on March 1, 2008, received a voluntary separation incentive payment under subsection (f)(1) of section 9902 of title 5, United States Code;

(2) who was reappointed to a position in the Department of Defense to support a declared national emergency related to terrorism or a natural disaster during the period beginning on June 1, 2004, and ending on March 1, 2008; and

(3) with respect to whom the Secretary determines—

(A) that the employee or former employee, before accepting the reappointment referred to in paragraph (2), received a representation from an officer or employee of the Department of Defense that recovery of the amount of the payment referred to in paragraph (1) would not be required or would be waived; and

(B) that the employee or former employee reasonably relied on that representation when accepting reappointment.

(c) REQUIRED DETERMINATION.—The Secretary of Defense may grant a waiver under subsection (a) in the case of any individual only if the Secretary determines that recovery of the amount of the payment otherwise required would be against equity and good conscience because of the circumstances of that individual's reemployment after receiving a voluntary separation incentive payment.

(d) TREATMENT OF PRIOR REPAYMENTS.—The Secretary of Defense may, pursuant to a determination under subsection (c) specific to an individual, provide for reimbursement to that individual for any amount the individual has previously repaid to the United States for a voluntary separation incentive payment covered by this section. The reimbursement shall be paid either from the appropriations into which the repayment was deposited, if such appropriations remain available, or from appropriations currently available for the purposes of the appropriation into which the repayment was deposited.

(e) EXPIRATION OF AUTHORITY.—The authority to grant a waiver under this section shall expire on December 31, 2012.

SEC. 1123. EXTENSION OF CONTINUED HEALTH BENEFITS.

Section 8905a(d)(4)(B) of title 5, United States Code, is amended—

(1) by striking "December 31, 2011" each place it appears and inserting "December 31, 2016"; and

(2) in clause (ii), by striking "February 1, 2012" and inserting "February 1, 2017".

5 USC § 8905A - CONTINUED COVERAGE

- US Code
- Notes
- Currency

(a) Any individual described in subsection (b) may elect to continue coverage under this chapter in accordance with the provisions of this section.

(b) This section applies with respect to—

(1) any employee who—

(A) is separated from service, whether voluntarily or involuntarily, except that if the separation is involuntary, this section shall not apply if the separation is for gross misconduct (as defined under regulations which the Office of Personnel Management shall prescribe); and

(B) would not otherwise be eligible for any benefits under this chapter (determined without regard to any temporary extension of coverage and without regard to any benefits available under a nongroup contract);

(2) any individual who—

(A) ceases to meet the requirements for being considered an unmarried dependent child under this chapter;

(B) on the day before so ceasing to meet the requirements referred to in subparagraph (A), was covered under a health benefits plan under this chapter as a member of the family of an employee or annuitant; and

(C) would not otherwise be eligible for any benefits under this chapter (determined without regard to any temporary extension of coverage and without regard to any benefits available under a nongroup contract); and

(3) any employee who—

(A) is enrolled in a health benefits plan under this chapter;

(B) is a member of a reserve component of the armed forces;

(C) is called or ordered to active duty in support of a contingency operation (as defined in section 101 (a)(13) of title 10);

(D) is placed on leave without pay or separated from service to perform active duty; and

(E) serves on active duty for a period of more than 30 consecutive days.

(c)

(1) The Office shall prescribe regulations and provide for the inclusion of appropriate terms in contracts with carriers to provide that—

(A) with respect to an employee who becomes (or will become) eligible for continued coverage under this section as a result of separation from service, the separating agency shall, before the end of the 30-day period beginning on the date as of which coverage (including any temporary extensions of coverage) would otherwise end, notify the individual of such individual's rights under this section; and

(B) with respect to a child of an employee or annuitant who becomes eligible for continued coverage under this section as a result of ceasing to meet the requirements for being considered a member of the employee's or annuitant's family—

(i) the employee or annuitant may provide written notice of the child's change in status (complete with the child's name, address, and such other information as the Office may by regulation require)—

(I) to the employee's employing agency; or

(II) in the case of an annuitant, to the Office; and

(ii) if the notice referred to in clause (i) is received within 60 days after the date as of which the child involved first ceases to meet the requirements involved, the employing agency or the Office (as the case may be) must, within 14 days after receiving such notice, notify the child of such child's rights under this section.

(2) In order to obtain continued coverage under this section, an appropriate written election (submitted in such manner as the Office by regulation prescribes) must be made—

(A) in the case of an individual seeking continued coverage based on a separation from service, before the end of the 60-day period beginning on the later of—

(i) the effective date of the separation; or

(ii) the date the separated individual receives the notice required under paragraph (1)(A); or

(B) in the case of an individual seeking continued coverage based on a change in circumstances making such individual ineligible for coverage as an unmarried dependent child, before the end of the 60-day period beginning on the later of—

(i) the date as of which such individual first ceases to meet the requirements for being considered an unmarried dependent child; or

(ii) the date such individual receives notice under paragraph (1)(B)(ii);

except that if a parent fails to provide the notice required under paragraph (1)(B)(i) in timely fashion, the 60-day period under this subparagraph shall be based on the date under clause (i), irrespective of whether or not any notice under paragraph (1)(B)(ii) is provided.

(d)

(1)

(A) Except as provided in paragraphs (4), (5), and (6), an individual receiving continued coverage under this section shall be required to pay currently into the Employees Health Benefits Fund, under arrangements satisfactory to the Office, an amount equal to the sum of—

(i) the employee and agency contributions which would be required in the case of an employee enrolled in the same health benefits plan and level of benefits; and

(ii) an amount, determined under regulations prescribed by the Office, necessary for administrative expenses, but not to exceed 2 percent of the total amount under clause (i).

(B) Payments under this section to the Fund shall—

(i) in the case of an individual whose continued coverage is based on such individual's separation, be made through the agency which last employed such individual; or

(ii) in the case of an individual whose continued coverage is based on a change in circumstances referred to in subsection (c)(2)(B), be made through—

(I) the Office, if, at the time coverage would (but for this section) otherwise have been discontinued, the individual was covered as the child of an annuitant; or

(II) if, at the time referred to in subclause (I), the individual was covered as the child of an employee, the employee's employing agency as of such time.

(2) If an individual elects to continue coverage under this section before the end of the applicable period under subsection (c)(2), but after such individual's coverage under this chapter (including any temporary extensions of coverage) expires, coverage shall be restored retroactively, with appropriate contributions (determined in accordance with paragraph (1), (4), or (5), as the case may be) and claims (if any), to the same extent and effect as though no break in coverage had occurred.

(3)

(A) An individual making an election under subsection (c)(2)(B) may, at such individual's option, elect coverage either as an individual or, if appropriate, for self and family.

(B) For the purpose of this paragraph, members of an individual's family shall be determined in the same way as would apply under this chapter in the case of an enrolled employee.

(C) Nothing in this paragraph shall be considered to limit an individual making an election under subsection (c)(2)(A) to coverage for self alone.

(4)

(A) If the basis for continued coverage under this section is an involuntary separation from a position, or a voluntary separation from a surplus position, in or under the Department of Defense due to a reduction

in force, or the Department of Energy due to a reduction in force resulting from the establishment of the National Nuclear Security Administration—

(i) the individual shall be liable for not more than the employee contributions referred to in paragraph (1)(A)(i); and

(ii) the agency which last employed the individual shall pay the remaining portion of the amount required under paragraph (1)(A).

(B) This paragraph shall apply with respect to any individual whose continued coverage is based on a separation occurring on or after the date of enactment of this paragraph and before—

(i) December 31, 2016~~2011~~; or

(ii) February 1, 2017~~2012~~, if specific notice of such separation was given to such individual before December 31, 2016~~2011~~.

(C) For the purpose of this paragraph, "surplus position" means a position which is identified in pre-reduction-in-force planning as no longer required, and which is expected to be eliminated under formal reduction-in-force procedures.

(5)

(A) If the basis for continued coverage under this section is an involuntary separation from a position in or under the Department of Veterans Affairs due to a reduction in force or a title 38 staffing readjustment, or a voluntary or involuntary separation from a Department of Energy position at a Department of Energy facility at which the Secretary is carrying out a closure project selected under section 4421 of the Atomic Energy Defense Act—

(i) the individual shall be liable for not more than the employee contributions referred to in paragraph (1)(A)(i); and

(ii) the agency which last employed the individual shall pay the remaining portion of the amount required under paragraph (1)(A).

(B) This paragraph shall only apply with respect to individuals whose continued coverage is based on a separation occurring on or after the date of the enactment of this paragraph.

(6)

(A) If the basis for continued coverage under this section is, as a result of the termination of the Space Shuttle Program, an involuntary separation from a position due to a reduction-in-force or declination of a directed reassignment or transfer of function, or a voluntary separation from a surplus position in the National Aeronautics and Space Administration—

(i) the individual shall be liable for not more than the employee contributions referred to in paragraph (1)(A)(i); and

(ii) the National Aeronautics and Space Administration shall pay the remaining portion of the amount required under paragraph (1)(A).

(B) This paragraph shall only apply with respect to individuals whose continued coverage is based on a separation occurring on or after the date of enactment of this paragraph and before December 31, 2010.

(C) For purposes of this paragraph, "surplus position" means a position which is—

(i) identified in pre-reduction-in-force planning as no longer required, and which is expected to be eliminated under formal reduction-in-force procedures as a result of the termination of the Space Shuttle Program; or

(ii) encumbered by an employee who has received official certification from the National Aeronautics and Space Administration consistent with the Administration's career transition assistance program regulations that the position is being abolished as a result of the termination of the Space Shuttle Program.

(e)

(1) Continued coverage under this section may not extend beyond—

(A) in the case of an individual whose continued coverage is based on separation from service, the date which is 18 months after the effective date of the separation;

(B) in the case of an individual whose continued coverage is based on ceasing to meet the requirements for being considered an unmarried dependent child, the date which is 36 months after the date on which the individual first ceases to meet those requirements, subject to paragraph (2); or

(C) in the case of an employee described in subsection (b)(3), the date which is 24 months after the employee is placed on leave without pay or separated from service to perform active duty.

(2) In the case of an individual who—

(A) ceases to meet the requirements for being considered an unmarried dependent child;

(B) as of the day before so ceasing to meet the requirements referred to in subparagraph (A), was covered as the child of a former employee receiving continued coverage under this section based on the former employee's separation from service; and

(C) so ceases to meet the requirements referred to in subparagraph (A) before the end of the 18-month period beginning on the date of the former employee's separation from service,

extended coverage under this section may not extend beyond the date which is 36 months after the separation date referred to in subparagraph (C).

(f)

(1) The Office shall prescribe regulations under which, in addition to any individual otherwise eligible for continued coverage under this section, and to the extent practicable, continued coverage may also, upon appropriate written application, be afforded under this section—

(A) to any individual who—

(i) if subparagraphs (A) and (C) of paragraph (10) of section 8901 were disregarded, would be eligible to be considered a former spouse within the meaning of such paragraph; but

(ii) would not, but for this subsection, be eligible to be so considered; and

(B) to any individual whose coverage as a family member would otherwise terminate as a result of a legal separation.

(2) The terms and conditions for coverage under the regulations shall include—

(A) consistent with subsection (c), any necessary notification provisions, and provisions under which an election period of at least 60 days' duration is afforded;

(B) terms and conditions identical to those under subsection (d), except that contributions to the Employees Health Benefits Fund shall be made through such agency as the Office by regulation prescribes;

(C) provisions relating to the termination of continued coverage, except that continued coverage under this section may not (subject to paragraph (3)) extend beyond the date which is 36 months after the date on which the qualifying event under this subsection (the date of divorce, annulment, or legal separation, as the case may be) occurs; and

(D) provisions designed to ensure that any coverage pursuant to this subsection does not adversely affect any eligibility for coverage which the individual involved might otherwise have under this chapter (including as a result of any change in personal circumstances) if this subsection had not been enacted.

(3) In the case of an individual—

(A) who becomes eligible for continued coverage under this subsection based on a divorce, annulment, or legal separation from a person who, as of the day before the date of the divorce, annulment, or legal separation (as the case may be) was receiving continued coverage under this section for self and family based on such person's separation from service; and

(B) whose divorce, annulment, or legal separation (as the case may be) occurs before the end of the 18-month period beginning on the date of the separation from service referred to in subparagraph (A),

extended coverage under this section may not extend beyond the date which is 36 months after the date of the separation from service, as referred to in subparagraph (A).