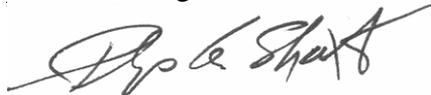


For: FSA Servicing Personnel Offices

Assistance for Employees Eligible for Temporary Continuation of Coverage (TCC)

Approved by: Deputy Administrator for Management



1 Overview

A Background

Pub. L. 111-5 was signed by the President on February 17, 2009. The American Recovery and Reinvestment Act (ARRA) of 2009, Division B, Title III provides that employees who are involuntarily terminated between September 1, 2008, and December 31, 2009, may receive premium assistance from their past employer for TCC. The term “involuntary termination” as used in ARRA, includes an employee who is involuntarily separated from service, except if the termination is for “gross misconduct”, as defined by the TCC statute, 5 U.S.C. 905a(b)(1)(a), and implementing regulations.

B Purpose

This notice:

- informs all FSA Servicing Personnel Offices of the new TCC law
- provides information about TCC’s impact with respect to the FEHB Program
- provides sample notification letters for eligible employees
- provides application/certification form to be provided with notification letters to eligible employees.

C Contacts

If there are any questions about this notice, contact Darla Hensley at 202-401-0681.

Disposal Date	Distribution
February 1, 2010 4-10-09	All FSA Servicing Personnel Offices

2 Employees Eligible for TCC

A Premium Assistance

Premium assistance represents 65 percent of health insurance premiums for coverage under TCC. The assistance is payable for **up to 9 months** and terminates if the individual becomes eligible for other group health coverage, Medicare, or reaches the end of the individual's 18-month coverage under TCC.

Assistance-eligible individuals who elect TCC will pay 35 percent of the TCC premium for the FEHB plan.

Note: The TCC premium is the sum of the FEHB plan premium **plus** a 2 percent administrative charge.

B Eligibility for Premium Assistance

Former employees, who were covered under FEHB and were involuntarily terminated between September 1, 2008, and December 31, 2009, may receive premium assistance from the agency.

Individuals who already have experienced an involuntary termination that occurred after August 31, 2008, and were eligible to elect TCC coverage, fall into the following 2 groups.

- Group 1 includes those who elected TCC when separated from service. In addition to requesting premium assistance, Group 1 also may elect to change plans. The newly elected plan must have the same or lower premiums than the plan in which the individual was enrolled at the time of involuntary termination and must be available to non-TCC active employees at the time of election. Premium assistance is retroactive to the first period of coverage after February 16, 2009, except for individuals who must change to a plan with a lower premium to qualify for the premium assistance, in which case the assistance shall be prospective **only**. Premium assistance for Group 1 will end at the earlier of 9 months, the remaining time of their TCC eligibility, or until the individual becomes eligible for other group health coverage or Medicare.
- Group 2 includes those who did **not** elect TCC coverage. Group 2 must be given a new opportunity to elect TCC. The extended election period begins on the date of enactment and ends 60 calendar days after the date the agency provides the required notice. TCC will be effective retroactive to the first period of coverage beginning after February 16, 2009, and shall **not** extend beyond the period of TCC that would have been allowed under applicable TCC provisions if coverage had been elected during the former employee's initial opportunity to enroll in TCC. Premium assistance for Group 2 will end at the earlier of 9 months of payment of the assistance, the remaining time of the individual's TCC eligibility based on their employment termination date, or until the individual becomes eligible for other group health coverage or Medicare.

Notice PM-2708

2 Employees Eligible for TCC (Continued)

B Eligibility for Premium Assistance (Continued)

Newly terminating employees, whose involuntary separation dates are before December 30, 2009, should receive this notice and be provided an opportunity to elect TCC and request premium assistance within 60 days of the employee's termination date.

Note: ARRA does **not** extend TCC coverage beyond the normal 18 month limitation according to 5 CFR 890.1107.

3 Action

A Servicing Personnel Office (SPO) Immediate Action

Identify former employees who qualify for TCC based on an involuntarily termination that occurred after August 31, 2008, even if the individual did not elect to enroll in TCC, and provide 1 of the following about their potential eligibility for premium assistance within 60 calendar days from February 17, 2009:

- Exhibit 1 for those currently enrolled in TCC.
- Exhibit 2 for those who were eligible for TCC but did **not** enroll.

Important: Include SF-2809 and Exhibit 4 with all notification letters.

Do **not** change the language in the exhibits, it is based on ARRA requirements.

B Future SPO Action

Use Exhibit 3 to notify employees who are involuntarily terminated after February 17, 2009, and before December 31, 2009, of the individual's opportunity to elect TCC and request premium assistance.

Important: Include Exhibit 4 with the notification letter.

C Eligible Individuals Action

Exhibit 4 must be received by the agency, SPO within 60 calendar days of the notice to the individual. If already enrolled in TCC and required to enroll in a different plan, a request to change a plan must be received within 90 calendar days of the agency's notice to the individual.

Individuals who request premium assistance must certify they are eligible for the assistance and agree to notify their FEHB carrier and the agency immediately if they become eligible for other group health. Failure to make this notification may subject the individual to a penalty of 110 percent of the premium reduction provided. Eligible individuals may also decline to request premium assistance.

Model TCC Notice for Qualified Individuals Currently Enrolled in TCC With Involuntary Terminations That Already Occurred on or after September 1, 2008, to Advise of the Availability of the Premium Assistance

[Date]

Dear [Name]:

The American Recovery and Reinvestment Act (ARRA) of 2009, enacted February 17, 2009, provides a new health insurance opportunity for former employees who were or are involuntarily terminated between September 1, 2008, and December 31, 2009. Under this new law, former Federal employees may request premium assistance for their temporary continuation of coverage (TCC) under the Federal Employees Health Benefits (FEHB) Program. Premium assistance means your former agency will make a Government contribution of 65 percent of the TCC premiums for your FEHB plan enrollment.

Your Federal employment terminated on [Date]. In accordance with 5 CFR 890.1103(a)(1), you were eligible and enrolled in TCC to continue your FEHB health benefits coverage for 18 months following the date of your separation from Federal employment. This is to notify you that you may request premium assistance, which will be provided for 9 months or, if earlier, until you become eligible for other group health coverage or Medicare or your TCC period ends. Note that "group health coverage" in this instance does not include limited coverage such as that consisting of only dental, vision, counseling or referral services; coverage under a health-care flexible spending arrangement; coverage of treatment that is furnished in an on-site medical facility maintained by the employer and that consists primarily of first-aid services, prevention and wellness care, or similar care; or a combination of any of the above. Also note that *eligibility* for other group health coverage will disqualify you from receiving premium assistance; it does not matter whether you elect to enroll in the other group health coverage.

If you are not eligible for other group health insurance coverage or Medicare and you wish to receive premium assistance, you **must** complete the attached request form and send it to [Benefits Officer] at the following address:

[Agency Address]

Please note that in order to be eligible for premium assistance, you must be enrolled in TCC under either the FEHB plan you were enrolled in when you were separated from Federal service, or another FEHB plan with an equal or lower premium. Therefore, if your TCC enrollment is in a health plan that has a higher premium than the premium for the health plan you were enrolled in at the time you separated, you must change your TCC enrollment to a plan with a premium no higher than the premium of your prior plan in order to qualify for the premium subsidy.

If you receive premium assistance, your premium will be 35 percent of your FEHB TCC premium for the period in which you are eligible and enrolled. Your share of the premium for your current health plan [Name of Plan] is [Premium Amount from Attachment C]. Your premium assistance will be retroactive to the first coverage period that began on or after February 17, 2009, except if you are required to switch to a different plan with a lower premium in order to qualify for premium assistance, in which case it will be prospective only. Please note that receipt of premium assistance does not lengthen the 18-month period for which you are eligible for TCC.

If you become eligible for any other group health plan or other coverage described above that makes you ineligible for premium assistance, you must notify your FEHB Program health plan and your former agency at the address provided in this letter. You no longer may receive premium assistance for any remaining TCC period, or you may be subject to a penalty of 110 percent of the premium assistance you received.

You also should be aware that there may be tax consequences associated with receipt of premium assistance for certain high-income individuals. The Internal Revenue Service website has information for former employees at www.irs.gov/newsroom/article/0,,id=204505,00.html.

Model TCC Notice for Qualified Individuals Currently Enrolled in TCC With Involuntary Terminations That Already Occurred on or after September 1, 2008, to Advise of the Availability of the Premium Assistance (Continued)

The Guide to FEHB Plans for TCC Enrollees, the SF-2809 Health Benefits Election Form, and a request for premium assistance are attached. ARRA-TCC premiums for FEHB plans are on the FEHB website at www.opm.gov/insure/health/.

A request for premium assistance must be received within 60 calendar days of the agency's notice to the individual. A request to enroll in a different plan must be received within 90 calendar days of the agency's notice to the individual.

If you have questions, please contact me at [phone number].

Sincerely,

[Name]

Attachments

Model TCC Additional Election Notice for Individuals Who Experienced an Involuntary Termination in Which the Individual did not Elect TCC Coverage or Elected, but Subsequently Dropped, Coverage and for Which the Involuntary Termination Occurred Between September 1, 2008, through February 16, 2009

[Date]

Dear [Name]:

The American Recovery and Reinvestment Act of 2009 (ARRA), enacted February 17, 2009, provides a new health insurance opportunity for former employees who were or are eligible for temporary continuation of coverage (TCC) under the Federal Employees Health Benefits (FEHB) Program because they were involuntarily terminated between September 1, 2008, and December 31, 2009. Under this new law, former Federal employees may request premium assistance for their TCC under the FEHB Program. Premium assistance means your former agency will make a Government contribution of 65 percent of the TCC premiums for your FEHB plan enrollment.

Your Federal employment terminated on [Date]. In accordance with 5 CFR 890.1103(a)(1), you were eligible to enroll in TCC to continue your FEHB health benefits coverage for 18 months following the date of your separation from Federal employment. This is to notify you that you have an additional opportunity to elect TCC. In addition, you may request premium assistance, which will be extended for up to 9 months or until you become eligible for other group health coverage or Medicare or the date your TCC period, measured from the date you initially became eligible for TCC, ends. Note that "group health coverage" in this instance does not include limited coverage such as that consisting of only dental, vision, counseling, or referral services; coverage under a health-care flexible spending arrangement; coverage of treatment that is furnished in an on-site medical facility maintained by the employer and that consists primarily of first-aid services, prevention and wellness care, or similar care; or a combination of any of the above. Also note that *eligibility* for other group health coverage will disqualify you from receiving premium assistance; it does not matter whether you elect to enroll in the other group health coverage.

If you are not eligible for other group health insurance coverage or Medicare and you now wish to enroll in TCC and receive premium assistance, you **must** complete the attached request form and send it to [Benefits Officer] at the following address:

[Agency Address]

Under TCC rules, you may enroll in any FEHB Program plan as your TCC coverage. However, please note that to be eligible for premium assistance, you must enroll in TCC under the FEHB plan you were enrolled in when you were separated from Federal service, or another FEHB plan with an equal or lower premium. If you receive premium assistance, your premium will be 35 percent of your FEHB TCC premium for the period in which you are eligible and enrolled. Your share of the premium for the health plan you were enrolled in on the day prior to your separation, [name of plan], is [Premium amount from Attachment C]. Please note that receipt of premium assistance does not lengthen the 18-month period for which you are eligible for TCC.

If you become eligible for any group health plan or other coverage described above that makes you ineligible for premium assistance, you must notify your FEHB Program health plan and your former agency at the address provided in this letter. You no longer may receive premium assistance for any remaining TCC period or you may be subject to a penalty of 110 percent of the premium assistance you received.

You also should be aware there may be tax consequences associated with receipt of premium assistance for certain high-income individuals. The Internal Revenue Service website has information for former employees at www.irs.gov/newsroom/article/0,,id=204505,00.html.

The Guide to FEHB Plans for TCC Enrollees, the SF-2809 Health Benefits Election Form, and a request for premium assistance are attached. ARRA-TCC premiums for FEHB plans are on the FEHB website at www.opm.gov/insure/health/.

Model TCC Additional Election Notice for Individuals Who Experienced an Involuntary Termination in Which the Individual did not Elect TCC Coverage or Elected, but Subsequently Dropped, Coverage and for Which the Involuntary Termination Occurred Between September 1, 2008, through February 16, 2009 (Continued)

The SF-2809 FEHB Election Form and your premium assistance request must be received at the address shown above within 60 calendar days from the date of this notice for you to be eligible for TCC and premium assistance.

If you have questions, please contact me at [phone number].

Sincerely,

[Name]

Attachments

Model TCC Additional Election Notice for Individuals Who Experienced Terminations Occurring Between February 17, 2009, and December 31, 2009

[Date]

Dear [Name]:

The American Recovery and Reinvestment Act (ARRA) of 2009, enacted February 17, 2009, provides a new health insurance opportunity for former employees who are eligible for temporary continuation of coverage (TCC) under the Federal Employees Health Benefits (FEHB) Program because they were or are involuntarily terminated between September 1, 2008, and December 31, 2009. Under this new law, former Federal employees may request premium assistance for their TCC under the FEHB Program. Premium assistance means your former agency will make a Government contribution of 65 percent of the TCC premiums for your FEHB plan enrollment.

Your Federal employment terminated on [Date]. In accordance with 5 CFR 890.1103(a)(1), you are eligible to enroll in TCC to continue your FEHB health benefits coverage for 18 months following the date of your separation from Federal employment. If you elect TCC, your enrollment charges will begin on the day after the 31-day free extension of coverage you receive. If you continue the coverage until the end of the 18-month period, you will have another 31-day free extension of coverage to consider conversion to a non-group contract.

This is to notify you that you may request premium assistance, which will be provided for up to 9 months or when you become eligible for other group health coverage or Medicare or your TCC period ends. Note that “group health coverage” in this instance does not include limited coverage such as that consisting of only dental, vision, counseling, or referral services; coverage under a health-care flexible spending arrangement; coverage of treatment that is furnished in an on-site medical facility maintained by the employer and that consists primarily of first-aid services, prevention and wellness care, or similar care; or a combination of any of the above. Also note that *eligibility* for other group health coverage will disqualify you from receiving premium assistance; it does not matter whether you elect to enroll in the other group health coverage.

If you are not eligible for other group health insurance coverage or Medicare and you now wish to enroll in TCC and receive premium assistance, you **must** complete the attached request form and send it to [Benefits Officer] at the following address:

[Agency Address]

Under TCC rules, you may enroll in any FEHB Program plan as your TCC coverage. However, please note that to be eligible for premium assistance, you must enroll in TCC under either the FEHB plan you were enrolled in when you were separated from Federal service or another FEHB plan with a premium no greater than the premium for the plan in which you were enrolled at the time you separated. If you receive premium assistance, your premium will be 35 percent of your FEHB TCC premium for the period in which you are eligible and enrolled. You will be billed for your premium share. Please note that receipt of premium assistance does not lengthen the 18-month period for which you are eligible for TCC.

If you become eligible for any group health plan or other coverage described above that makes you ineligible for premium assistance, you must notify your FEHB Program health plan and your former agency at the address provided in this letter. You no longer may receive premium assistance for any remaining TCC period or you may be subject to a penalty of 110 percent of the premium assistance you received.

You also should be aware that there may be tax consequences associated with receipt of premium assistance for certain high income individuals. The Internal Revenue Service website has information for former employees at www.irs.gov/newsroom/article/0,,id=204505,00.html.

The Guide to FEHB Plans for TCC Enrollees, the SF-2809 Health Benefits Election Form, and a request for premium assistance are attached. ARRA-TCC premiums for FEHB plans are on the FEHB website at www.opm.gov/insure/health/.

Model TCC Additional Election Notice for Individuals Who Experienced Terminations Occurring Between February 17, 2009, and December 31, 2009 (Continued)

The SF-2809 FEHB Election Form and your premium assistance request must be received at the address shown above within 60 calendar days from the date of this notice for you to be eligible for premium assistance.

If you have questions, please contact me at **[phone number]**.

Sincerely,

[Name]

Attachments

Request for Premium Assistance Under ARRA

Part A – Assistance Eligible Individual Information
Enrollee Name (last, first, middle initial)
Home Mailing Address (including ZIP Code) -----
Social Security Number
Telephone Number

This is to request premium assistance under the American Recovery and Reinvestment Act of 2009. I am not eligible for Medicare or any group health coverage other than through the Federal Employees Health Benefits (FEHB) Program. I was involuntarily separated from Federal employment on **[Date]**, and the separation was not for gross misconduct. I understand that if I become eligible for other group health coverage or Medicare, I will be disqualified from continuing to receive premium assistance. I agree to notify my FEHB Program health plan and my former employing agency immediately if I become eligible for other group health coverage. If I do not make the required notification, I understand I am subject to a penalty of 110 percent of any premium assistance provided after termination of eligibility for premium assistance.

Signature

Date