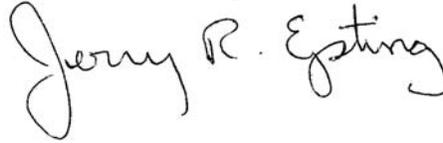


For: FFAS Employees

**Changes to Federal Benefit Programs Under the Affordable Care Act (the Act)**

Approved by: Acting Deputy Administrator, Management



**1 Overview**

**A Background**

On March 23, 2010, the President signed the Act (Pub. L. 111-148). Several provisions of the Act will affect eligibility and benefits under the FEHB Program and Flexible Spending Account Program (FSAP) beginning January 1, 2011. The Act puts into place comprehensive health insurance reforms that will hold insurance companies more accountable and will lower health care costs, guarantee more health care choices, and enhance the quality of health care. The Act will **not** be implemented all at once. Portions of the law have already taken effect. Other changes will be implemented through 2014 and beyond.

**B Purpose**

This notice provides:

- information on changes to the FEHB and FSAP benefit programs under the Act
- coverage determination dates
- an explanation of grandfathered health plans.

**C Contact**

Contact Susan Brown by telephone at 202-401-0517 or by e-mail to [susan.brown@wdc.usda.gov](mailto:susan.brown@wdc.usda.gov) about policy information in this notice.

Contact SPO to make benefit enrollment changes.

<b>Disposal Date</b>  January 1, 2011	<b>Distribution</b>  All FAS, FSA, and RMA employees; State Offices relay to County Offices
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2 FEHB Program

A Change in Dependent Eligibility Rules

Because of the Act, children may now be covered under their parent’s FEHB plan’s “Self and Family” enrollment until **age 26**.

The Act:

- allows married children to be covered
- removes residency requirements
- removes dependency requirements
- does **not** require children to be students or have prior or current insurance coverage to be placed on their parent’s “Self and Family” enrollment.

The following table provides a summary of the changes to FEHB’s dependent eligibility rules under the Act.

<b>IF children are...</b>	<b>THEN the effect of the Act is that the...</b>
between ages 22 and 26 <b>Note:</b> See subparagraph 4 B.	children are covered under their parent’s “Self and Family” enrollment up to age 26.
married	children, but <b>not</b> their spouse or their own children, are covered up to age 26.  <b>Note:</b> This is true even if the child is currently under age 22.
eligible for or have employer-provided health insurance	children who are eligible for or have their own employer-provided health insurance are eligible for coverage up to age 26.
stepchildren	stepchildren do <b>not</b> need to live with the enrollee in a parent-child relationship to be eligible for coverage up to age 26.
incapable of self-support	children who are incapable of self-support because of a mental or physical disability that began <b>before</b> age 26 are eligible to continue coverage with proper medical documentation.
foster children	foster children are eligible for coverage up to age 26.

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**2 FEHB Program (Continued)**

**B How to Add a Newly Eligible Child to Enrollment**

This table provides procedures on covering newly eligible children under the FEHB Program.

<b>IF employee...</b>	<b>AND...</b>	<b>THEN...</b>
currently has "Self and Family" enrollment	<ul style="list-style-type: none"> <li>• has a newly eligible child or children</li> <li>• does <b>not</b> change to another plan or option during Open Season</li> </ul>	<ul style="list-style-type: none"> <li>• their newly eligible child or children will be covered beginning January 1, 2011</li> <li>• employee should contact their FEHB plan to provide information on the newly eligible child or children.</li> </ul> <p><b>Note:</b> Employees does <b>not</b> complete SF-2809 or use the online Employee Personal Page (EPP) to add a child to an existing "Self and Family" enrollment.</p>
currently has "Self Only" enrollment	has a newly eligible child or children	employee <b>must</b> : <ul style="list-style-type: none"> <li>• change their enrollment to "Self and Family"</li> <li>• use SF-2809 or EPP to make this change.</li> </ul>
who are <b>not</b> currently enrolled	wants FEHB coverage for a newly eligible child or children	employee <b>must</b> : <ul style="list-style-type: none"> <li>• <b>must</b> enroll in "Self and Family" coverage</li> <li>• use SF-2809 or EPP to make this change.</li> </ul>

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**2 FEHB Program (Continued)**

**C Coverage Determination Date**

The effective date of coverage depends on the event code used to enroll or change enrollment.

<b>IF the employee...</b>	<b>THEN...</b>	
If wants their child or children covered on January 1, 2011	the employee <b>must</b> enroll or change enrollment as a “change in family status” qualifying life event (QLE).	
	<b>IF employee...</b>	
	is a regular employee	<b>THEN on SF-2809, use QLE code...</b> 1C.
	is an OWCP Recipient	2B.
	participates in premium conversion	5C.
	<p><b>Notes:</b> The employee may change enrollment from 31 calendar days before to 60 calendar days after January 1, 2011, under the “change in family status” QLE. The enrollment change will be effective the first day of the pay period, December 19, 2010, of the pay period that includes January 1, 2011.</p> <p>If employees make QLE changes after January 1, 2011, the coverage will be retroactive to January 1, 2011, and the employee will be <b>required</b> to pay retroactive premiums back to the effective date of the enrollment change.</p>	
makes and Open Season change	<p>that change takes effect on January 2, 2011.</p> <p><b>Note:</b> The Open Season effective date for OWCP recipients is January 16, 2011.</p>	

**D Temporary Continuation of Coverage (TCC)**

Children who lose coverage because of reaching age 26 are eligible for TCC for up to 36 months, **even if they previously had TCC.**

A child of an FEHB enrollee who is under age 26 and currently enrolled under TCC may no longer need TCC enrollment, because that child will be covered under their parent’s “Self and Family” enrollment.

After the TCC enrollee is assured of coverage under his/her parent’s “Self and Family” enrollment, he or she may want to cancel the TCC enrollment. To cancel TCC, the enrollee must contact NFC at:

USDA, NATIONAL FINANCE CENTER  
 DPRS BILLING UNIT  
 PO BOX 61760  
 NEW ORLEANS LA 70161-1760.

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### 2 FEHB Program (Continued)

#### E High Deductible Health Plans

Effective January 1, 2011, the 10 percent penalty for noneligible medical expenses paid from Health Savings Accounts (HSA's) will increase to 20 percent.

### 3 Coverage of Over-the-Counter (OTC) Medicines or Drugs

#### A Impact on HSA's and Health Care Flexible Saving Accounts (HSFSA's)

Beginning January 1, 2011, current eligible OTC products that are medicines or drugs will **not** be eligible for reimbursement from HSA's or HCFSA's, unless enrollees have a prescription for that item from their physician. The **only** exception is insulin. Enrollees will **not** need a prescription for insulin.

Other currently eligible OTC items, that are **not** medicines or drugs, will not require a prescription in 2011.

#### B HCFSA OTC Reimbursements

HCFSA enrollees will **only** be reimbursed for eligible OTC medicines and drugs purchased **before** January 1, 2011, and submitted on or before April 30, 2011.

### 4 FSAP

#### A Expanded Coverage for Eligible Children's Health Care Expenses

Beginning January 1, 2011, an employee enrolled in FSAP may request reimbursement for eligible health care expenses incurred by any of the following:

- natural child
- stepchild
- adopted child
- eligible foster child
- child who is placed with the employee for legal adoption.

The child does **not** need to reside with the employee and no longer needs to qualify as the employee's tax dependent.

#### B Extended Age of Eligible Child

The Act has extended the age of a child who may incur eligible expenses under an employee's HCFSA. 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.

**5 Additional Information**

**A Grandfathered Health Plans**

The Act requires that health plans include certain consumer protections and benefits coverage that affect some FEHB plan benefits for 2011. All plans in the FEHB Program have complied with all required provisions. However, certain protections and coverage terms depend upon whether the plan is considered a “grandfathered health plan” under the Act.

A grandfathered health plan may preserve basic health coverage that was in effect when the law was enacted. If an FEHB plan indicates that it is a grandfathered plan that means certain benefit features including cost sharing, premium payments and covered services have not significantly changed from last year.

While grandfathered health plans must comply with certain benefit requirements under the Act, being a grandfathered plan also means that the plan may not have included all benefit protections and coverage terms that apply to other plans.

**B Other Federal Benefits Programs**

Other Federal benefit programs are **not** affected by the Act. The Act has made **no** changes to the following:

- Federal Employees Dental/Vision Insurance Program
- FEGLI
- Federal Long-Term Care Insurance Program.