U.S. Department of Energy

OAK RIDGE OFFICE

ANNOUNCEMENT

3890

November 13, 2007

SUBJECT: 2008 FEDERAL HEALTH BENEFITS OPEN SEASON

The Federal Employees Health Benefits (FEHB) open season runs Monday, November 12, 2007, through Monday, December 10, 2007. If you are currently enrolled in FEHB, a brochure will be sent to you from your current carrier outlining that plan's rates and benefits for 2008. You are encouraged to contact your current or potential physician(s) to assure they will be participating in your chosen plan for your servicing area. If you want to continue your current enrollment, you do not need to take any action during this open season.

The Office of Management and Budget has requested that we notify you that the information you provide by enrolling in the FEHB may also be used for computer matching with Federal, State, or local agencies' files to determine whether you qualify for benefits, payments, or eligibility in the FEHB, Medicare, or other Government benefits programs.

Please refer to the attached Fact Sheet for specific information regarding your options during the 2008 Open Season. If you have any questions or need additional information regarding your options, please contact Cathy Clifton at (865) 576-0680 or Sherry Stotelmyer at (865) 576-0669.

Melanie M. Kent

Melanie M. Kent, Chief
Federal Human Resources Branch

DISTRIBUTION: TO ALL ORO, OSTI, PNSO, SSO, & TJSO EMPLOYEES No: 6

FACT SHEET
2008 FEDERAL BENEFITS

HEALTH INSURANCE

The following actions may be taken during the Federal Employees Health Benefits Open Season:

- Eligible employees may enroll in FEHB;
- Eligible employees may waive automatic participation in premium conversion or begin participation if it was previously waived;
- Enrollees may changes plans or options or may change coverage from self only to self and family;
- Enrollees may cancel enrollment.

Enrollment Information, rates, comparison tools, and brochures for all plans are available through the Office of Personnel Management (OPM) website at http://www.opm.gov/insure. Plan brochures will be available in the Federal Human Resources Branch (FHRB) in Room 1221 of the Federal Building. Enrollees whose plans will not be participating in the FEHB Program after December 31, 2007, or whose plans dropped the enrollment code they are enrolled in, MUST enroll in a different plan to continue FEHB coverage in 2008.

A few of the Program changes this year include:

- Nationwide, Mail Handlers will be adding a new "Value Option."
- In California, Health Net of California will split into a "North Region" and a "South Region." The plan's northern California region will retain the current "LB" enrollment code; the southern California region will receive a new "LP" enrollment code. Current plan enrollees in the southern California region should make a positive enrollment election into enrollment code LP during Open Season.)
- In Tennessee, Blue Cross Blue Shield will be offering a "High Deductible Health Plan (HDHP).
- In Tennessee, a United HealthCare Definity High Deductible Health Plan will be offered this year.
- In Washington, United HealthCare Definity High Deductible Health Plan will be available for Benton county and the surrounding area.

Employees wishing to enroll, change, or cancel their enrollment must use Employee Self Service (ESS) to make their election. All new enrollments and/or changes must include names of all covered family members. If you have more than 10 dependents, you will need to submit an SF 2809, Employee Health Benefits Election, to OPM no later than December 10, 2007. This fillable form is available on the FEHB website at www.opm.gov/forms/pdf_fill/sf2809.pdf.

New enrollments and changes in current enrollments elected during the open season will become effective January 6, 2008. If you change plans, any covered expenses incurred between January 1, 2008 and January 5, 2008, will be applied toward the 2007 deductible of your 2007 plan.

There are 4 types of plans available under the FEHB program:

(1) **Managed Fee-for-Service Plans**: These plans reimburse you or your health care provider for covered services. If you enroll in one of these plans, you may choose your own physician, hospital, and other health care providers based on plan participation.

These plans are considered "managed" because they all contain features such as pre-certification of hospital admissions and utilization review of ongoing care. In addition, most of the fee-for-service plans have preferred provider arrangements in many parts of the country. You can reduce your out-of-pocket expenses and, in some cases, receive enhanced benefits by using preferred providers.

Fee-for-service plans include the Service Benefit Plan sponsored by Blue Cross Blue Shield and plans sponsored by unions and other employee organizations. Several employee organization plans are open to all eligible employees who are full or associate members of the organizations that sponsor the plans. Other employee organization plans are restricted to employee organization groups and/or agencies. *(See the employee organization plan brochures for information about membership and membership fees which are in addition to your biweekly or monthly premiums.)*

(2) **Health Maintenance Organization Plans - HMOs**: These plans provide a comprehensive array of medical services, emphasizing prevention and early detection of disease, through contracted physicians, hospitals, and other providers in particular locations. HMO's are open only to employees within the plan's enrollment area. Refer to the plan's brochure if you have any questions about the enrollment area. If you are enrolled in an HMO, be sure to review the brochure carefully to see if there are any changes in the plan's service area which would require any action on your part.

(3) **Plans Offering a Point of Service (POS) Product**: Some FEHB plans blend their features. A number of fee-for-service and HMO plans now offer both forms of health care delivery, known as "in network" and "out of network." In an HMO that offers a POS product, the POS product acts like a fee-for-service plan. As an HMO enrollee, you may use non-affiliated (out of network) providers if you wish, but the services will cost more in terms of deductibles and coinsurance than if you used plan providers.

In a fee-for-service plan with a POS product, the POS product acts like an HMO. If you agree to let your medical care be managed by network physicians, you will get a better benefit, usually in the form of richer benefits and lower co-payments or coinsurance.

(4) **High Deductible Health Plans**: The new High Deductible Health Plans (HDHP) with a Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA) are a combination of health plan and savings vehicle that provides a new opportunity and additional choices for Federal enrollees. Please refer to the website http://www.opm.gov/hsa, where you'll find a chart comparing their features.

FLEXIBLE SPENDING ACCOUNTS (FSA)

FSA elections are completely voluntary. FSAs are not carried over from one plan year to the next, so each fall, during the annual open season, employees ***must*** make a new election for the upcoming plan year. OPM selected SHPS, Inc. (SHPS) as the third party administrator for the Federal FSA Program.

Three FSAs are being offered to eligible employees:

1. A **Health Care FSA (HCFSA)** through which employees may use pre-tax allotments to pay for certain health care expenses that are not reimbursed by FEHB or any other source and not claimed on the participant's income tax return. The maximum amount an employee may set aside in any tax year is $5,000 and the minimum is $250. If you are married, and you and your spouse are both eligible for coverage under the FEHB program, each of you may enroll for this plan up to the maximum of $5,000 each ($10,000 total).

2. A **Dependent Care FSA (DCFSA)**, through which employees may use pre-tax allotments to pay for eligible dependent care expenses. The maximum amount an employee may set aside in any tax year is $5,000 ($2,500 if the employee is married and filing a separate income tax return) and the minimum amount is $250.

3. The **Limited Expense Health Care Flexible Spending Account (LEX HCFSA).** This account is offered to employees who have taken advantage of HSAs (see item 4. above) offered in the FEHB program. Under the rules established by the IRS, general health care FSAs are not available to HSA participants. However, the IRS permits individuals to hold an HSA and a limited health care FSA under certain circumstances, such as for eligible dental and vision expenses.

Tax laws allow for payment of certain health and dependent care expenses with pre-tax dollars. If you choose to make a voluntary allotment from your salary to your FSAFEDS account(s); you will not pay employment or income taxes on your allotments and DOE also avoids paying employment taxes. If you participate, you will need to identify an annual amount of salary to be contributed to your FSA via SHPS. SHPS will translate these annual elected amounts into pay date allotments and request that your payroll office deduct them and remit them for deposit into your FSA account(s). You can draw upon your FSA account(s) for reimbursement as you incur eligible expenses. FSAFEDS has added several enhancements:

1. **Grace period implemented for incurring eligible expenses.** You have until March 15, 2008 to spend your 2007 allotment before forfeiting the funds (i.e., if you have a balance remaining in your health and/or Dependent Care FSA account as of December 31, 2007 you can use those funds for eligible expenses incurred from January 1 through March 15, 2008.) If your 2007 balance is not sufficient to reimburse you in full for expenses incurred through March 15, 2008, the unpaid balance will be paid out of your 2008 account if you re-enroll during the Open Season. If you do not re-enroll, you cannot be reimbursed in full for those expenses.

2. **Open Season Actions.** The effective date of FSAFEDS Open Season enrollments is January 1, 2008. Employees who enroll during Open Season will have from January 1, 2008, through March 15, 2009, to spend their annual allotment before forfeiting the funds. Employees must go to

www.FSAFEDS.com or call SHPS at 1-877-372-3337 during Open Season to enroll in FSAFEDS. This cannot be done thru ESS. Please remember, enrollment in FSAFEDS does not carry over from year to year. If you wish to participate in 2008, you must make a new election.

Enrollments in FSAFEDS cannot be cancelled or changed after the effective date unless you a qualified status change. The FSAFEDS website at www.fsafeds.com has more information on status changes.

DENTAL AND VISION BENEFITS (FEDVIP)

The effective date of FEDVIP Open Season enrollments, changes, or cancellations is January 1, 2008. Please note this effective date is different from the effective date of FEHB Open Season enrollments for most employees. FEDVIP enrollments automatically continue from year to year like FEHB enrollments. FEDVIP enrollments also continue when enrolled employees retire. (There is no "five-year rule.")

Employees who wish to enroll, change, or cancel their enrollment in a FEDVIP plan must do so by visiting the BENEFEDS website at www.BENEFEDS.com or by calling BENEFEDS at 1-877-888-FEDS (1-877-888-3337) or TTY 1-877-889-5680 during Open Season. An eligible employee who elects to enroll in FEDVIP must participate in premium conversion (described above). This year, paper enrollment forms will not be used for FEDVIP.

To enroll in FEDVIP, you must create a BENEFEDS.com account by providing demographic and employment information. When this one-time step is complete, you can compare plans and enroll. The BENEFEDS.com website will activate all enrollment functions by 5:00 a.m. Eastern Time on November 12 and deactivate Open Season enrollment functions at 12:00 a.m. Eastern Time on December 11, 2007. Agencies cannot extend the Open Season. You can expect to will receive confirmation of Open Season enrollment by January 15, 2008.

Please note, in order to continue FEHB coverage into retirement, you must have been covered under the FEHB Program continuously for the five years of service immediately before retirement or, if less than five years, for all periods of service during which you were eligible for FEHB coverage. Coverage under a family member's FEHB enrollment counts towards this "five-year rule."