U.S. Department of Energy

OAK RIDGE OFFICE

ANNOUNCEMENT

3890

November 20,2006

SUBJECT: OPEN SEASON

The Federal Employees Health Benefits (FEHB) open season began November 13,2006, and runs through December 11,2006. Any eligible employee who is not currently registered may enroll during open season; and any eligible enrollee may change fiom one plan or option to another, fiom self only to self and family, or make a combination of these changes. Enrollees who wish to continue their current enrollment do not need to take any action during this open season.

Enrollment Information, the 2007 Comparison Guide, and brochures for all plans are available through the Office of Personnel Management (OPM) website at http://www.opm.gov/insure/health, or in the Federal Human Resources Branch (FHRB) in Room 1221 of the Federal Building. Individual plan comparisons are available on the OPM website at http://www.opm.gov/insure/07/spmt/plansearch.aspx Enter your zip code to compare plans in the area in which you are interested.

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 covered family members. New enrollments and changes in current enrollments elected during the open season are effective January 7,2006. If you change plans, any covered expenses incurred between January 1,2006 and January 6,2006, will count toward the 2006 deductible of your 2006 plan.

If you have more than 10 dependents, you will need to submit an SF 2809, Employee Health Benefits Election, to FHRB no later than December 13,2006. This form is available in Room 1221 of the Federal Building and in Room 32 of the Office of Scientific and Technical Information. You may access this form online at http://www.opm.gov/forms/pdf_fill/sf2809.pdf. Elections made using an SF 2809 cannot be processed until January 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 2007. 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.

There are four basic 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.

(2) **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 and 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.)*

(3) **Health Maintenance Organization (HMO) 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, if available, are open to employees within the plan's enrollment area. You cannot enroll in an HMO if you are located outside its 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 High Deductible Health Plans (HDHP) with a Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA) is a combination of a 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, the Federal Employees Dental and Vision Insurance Program (FEDVIP), 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. A **Limited Expense Health Care Flexible Spending Account (LEX HCFSA)** is offered to employees who have enrolled in or covered under a High Deductible Health Plan with a Health Savings Account. Under the rules established by the Internal Revenue Service (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 not covered by other insurance.

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 the Department of Energy 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 now have until March 15 of the following year to incur eligible expenses for the current Plan Year. While this does not eliminate the use-it-or-lose-it rule completely, you now have a greater period of time to avoid forfeiting unused funds.

   If you have a balance remaining in your health and/or Dependent Care FSA account as of December 31, you can use those funds for eligible expenses incurred from January 1 through March 15 of the following year. This is effective immediately, so for the 2006 plan year, you will still have until March 15, 2007, to incur eligible expenses. And, if your 2006 balance is not sufficient to reimburse you in full for expenses incurred through March 15,2006, the unpaid balance will be paid out of your 2007 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. **Deadline extended for submitting eligible expenses to FSAFEDS.** The deadline for submitting claims for eligible expenses has been pushed back to accommodate the grace period change. You now have until May 31 following the end of the Plan Year to submit claims for eligible expenses you incurred through March 15.

Under current tax rules, money cannot be carried over from one plan year to the next or refunded. Employees will forfeit any money not claimed for eligible expenses incurred during the plan year by May 31 following the end of the plan year. This is known as the "use-it-or-lose-it" rule. We do not have the authority to provide waivers for any employee regarding funds that may be forfeited. Getting reimbursed for monies remaining in your FSAs after the plan year ends is considered deferred compensation and, therefore, expressly prohibited by tax laws. For this reason, you may wish to be conservative in your estimate of how much money to allocate to an FSA. An interactive calculator has been provided on the FSA website at https://www.fsafeds.com/fsafeds/fsa_calculator.asp to determine the tax savings and help estimate what you should contribute.

Enrollments in FSAFEDS cannot be cancelled or changed after their effective date unless the employee experiences a qualified status change (QSC). The FSAFEDS website at www.fsafeds.com has more information on QSCs.

The Payroll account number you will need in filling out the FSA request is: **97-381400.** All information you will need to sign up for these accounts can be found at www.FSAFEDS.com by clicking on the "Enroll" link; or by contacting an FSAFEDS benefits counselor Monday through Friday from 9 a.m. to 9 p.m. Eastern time at 1-877-372-3337. Enrollments will be accepted on the web and by phone starting on November 13,2006 through December 11,2006. Timely Open Season enrollments are effective January 1,2007, for the plan year that runs from January 1 through December 31,2007.

Dental and Vision Benefits

Federal employees may enroll in the Federal Employee Dental and Vision Insurance Program (FEDVIP) if they are eligible to enroll in FEHB. FEDVIP follows FEHB rules for family member eligibility. There is no requirement that employees be enrolled in FEHB before enrolling in FEDVIP. The FEDVIP website at www.opm.gov/insure/dentalvision/ provides information about the Program. Employees can also refer to our prior Announcement covering Dental and Vision Benefits at www.oro.doe.gov/pmab/announcements

The Office of Management and Budget has requested 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.

If you have any questions or need additional information regarding the FEHB program, please contact Sherry Stotelmyer at (865) 576-0669 or Cathy Clifton at (865) 576-0680.

Melanie M Kent

Melanie M. Kent, Chief
Federal Human Resources Branch