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ANNUAL REPORT

INSURANCE BRANCH

BENEFITS AND SERVICES DIVISION

OFFICE OF PERSONNEL

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SECTION I

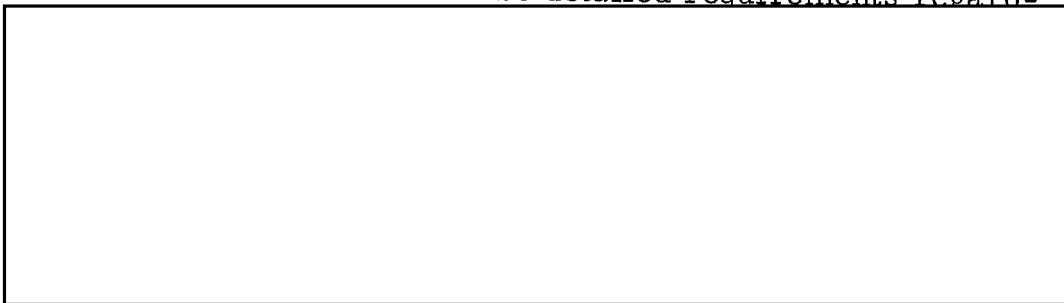
Major Accomplishments and Significant Developments

1 July 1965 - 30 June 1966

Attached, as part of this report, is a summary of Insurance activities during this reporting period. The workload in the Branch is still on an upswing due to the increased number of new applications on all plans, cancellation and refund of prepaid premiums on two of our plans, open period on one of our old plans, and a general increase in the complexity of problems associated with the overall settlement of claims. In addition, heavy burdens have been felt as the result of cover and security problems relating to the establishment of additional types of hospital admission cards, as well as cover and security problems relating to terminating and retiring employees.

The claims processed in this Branch for the Association Plan Hospitalization under the Federal Employees Health Benefits Act, should, but cannot, be considered routine. Almost each claim is an individual challenge to the claims adjudicator, as more and more detailed requirements regard-

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Another source of additional work has been the establishment of another fiscal account to record the salary reimbursements to be made to the Agency in line with established policy to subsidization wherever possible. This account is in addition to the two already established--making a total of three.

- 1 -

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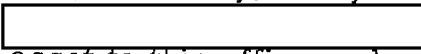
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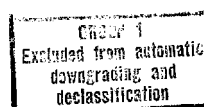
The difficulties experienced in obtaining replacements is even more pronounced than it was last fiscal year, placing a tremendous workload on the personnel of this Branch. However, with the dedicated approach to the problem of "picking up the slack" the employees of the Branch have succeeded in keeping backlogs at a reasonable minimum. The problems faced have, of course, been compounded many times by the totally inadequate space (Headquarters Cashiers Office) and physically split locations of operations (two different places in Headquarters and two different places in Magazine Building). A unified operating location could not help but make for more economical and efficient use of personnel on an interchangeable basis, as well as flow of work.

Our move from R&S to the Magazine Building on January 3 also consumed quite a few manpower hours prior to, and after the move.

The health statement accompanying many of the new Income Replacement, UBLIC, WAEPA, Contract Hospitalization and Contract Life Insurance applications or increases in coverage under the UBLIC Life Insurance Plan are reviewed and approved by the Acting Branch Chief. This calls for careful underwriting and occasional dealings with the Medical Staff. Some of these applications require as many as five or six conversations with the applicants in advising them of necessary procedures to obtain coverage or at least finalize action in the case. During the period September 1965 (the date Deputy Branch Chief fell heir to the job of Acting Branch Chief) through 30 June 1966, 353 applications have been reviewed. The above, in addition to all of the other many, many duties, including the training of  who in my opinion will be a definite asset to this office as he becomes more cognizant of the policy, procedures, and day-to-day operations of the office, has somewhat bent (almost broken) the back of this Deputy Chief/Acting Chief.

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- 2 -



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Implementation of the CIA Retirement System caused quite a few headaches for this Branch in regard to the Federal Hospitalization Program until such time as satisfactory procedures were finalized.

The Chief and Deputy Chief/BSD are working on a program whereby terminal benefits for retiring UBLIC policyholders will be effective, retroactive to 1 June 1966.

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Specific Major Accomplishments:

1. An "open period" for PAMA (Parents Associated Medical Assurance) enrollment was from 1 June through 31 July 1965. Approximately 232 new applications were received. Due to coverage under MEDICARE, effective 1 July 1966, the PAMA Plan will be cancelled 30 June 1966. This will create an additional workload of issuing refunds for prepaid premiums.

2. Effective 1 August 1965, benefits were improved and rates increased on Contract Hospitalization. Notices were sent to all administrative officers advising of same. A 4% administrative charge was included in the increased premium, the money to be used towards possible subsidization of salary.

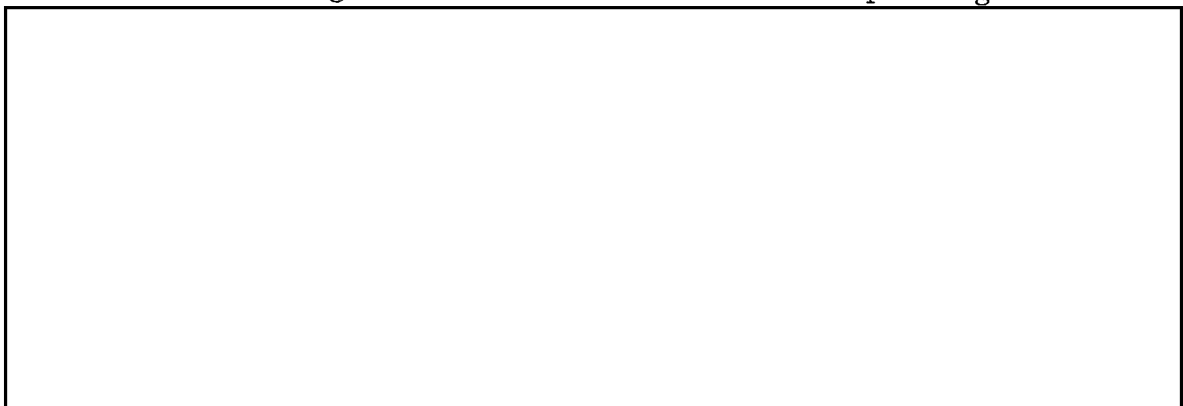
3. During the months of October and December 1965, the Insurance Branch administered the Flu Shot Program. The Medical Staff gave [redacted] during the period. Of the total amount collected (\$2,371.96), \$2,175.00 was used by the Medical Staff to defray the costs of vaccine used, and the balance of \$196.96 was given to the Employee Services of the Benefits and Services Division.

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4. The benefits were improved, with a slight increase in premiums, on Federal Hospitalization (Association Plan), as of 1 January 1966. Headquarters [redacted] Notices re Association Plan were prepared for distribution to all employees. An additional 1% administrative charge was included in the increased premium, the money to be used towards subsidizing salaries.

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The change in benefits necessitated the reprinting of



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[Redacted]

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5. A representative of the Branch conducted personal interviews with 1,701 employees who were resigning, retiring, or going on LWOP during this fiscal year. In addition, written information was forwarded to 428 employees who separated from the Agency in absentia.

6. The DENTA plan of insurance was cancelled 31 December 1965, resulting in 1,099 refunds for prepaid premiums, in the total amount of \$9,303.55. Notices were sent to all policyholders re termination of the Contract (2,200).

7. A total of 11,141 premium due reminder notices were forwarded to policyholders insured under Emergency Travel, WAEPA, UBLIC, Contract Life, DENTA, PAMA, Income Replacement, FAP, and Specified Diseases.

8. Correspondence in the form of 95 inter-office memoranda, [Redacted] 334 GEHA [Redacted] letters were written and typed during this period. Of course, these figures do not include routine form letters and reports, as well as correspondence and reports originating in the Office of the Branch Chief. A total of [Redacted] checks were also written necessitating the typing of approximately [Redacted] transmittal form letters or memoranda.

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9. The usual GEHA Board Meetings, Annual GEHA Meeting, [Redacted] Board Meetings, and Annual Audit by the Audit Staff, were accomplished during this period.

[Redacted]

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11. In November 1965, a check for \$330,888.00 was received from UBLIC representing a return of premiums for the year ending 31 July 1965.

12. Flight Plan and Travel-Matic Plans of insurance were cancelled 1 May 1966.

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13. Numerous lectures, as indicated on the attached statistical report, continue to be given to all EOD's by representatives of the Branch. These lectures include those given each week to professionals and Commo. at Headquarters Building and clerical recruits at 16th Street, as well as Clandestine Services lectures and lectures to individuals or individual groups leaving and returning to Headquarters, JOT's, etc.

14. Processed 747 new applications, changes and terminations under the Federal Employees Health Benefits Act of 1959 (other than Association Plan). This involved memoranda to Cover and Security for approval or disapproval of 364 new applications.

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Insurance Programs in General

During this fiscal year, the GEHA program in general continued to grow as indicated on the preceding pages of this report. Also, each individual plan of insurance, with the exceptions of Air Trip, Military Air Trip, and Specified Diseases, increased, as indicated below.

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a. The Federal Hospitalization Association Plan reflects an increase of 16 in membership, as policies in force are now [redacted] whereas as of the last Fiscal Year, the total was [redacted]. This is misleading insofar as work loads are concerned as 1,084 new applications and 1,099 cancellations were processed during this period. Also, 747 new applications, changes and cancellations on Federal Plans of Hospitalization other than the Association Plan were processed. Total policies in force for Federal Plans other than Association Plan are 1,421.

b. The WAEPA Plan showed a gain of 209 policyholders for a new total of [redacted] and an amount in force of \$28,140,000.00, an increase of \$3,785,625.00.

25X9

25X9

c. The UBLIC Plan still continues to grow with [redacted] policyholders being covered by \$88,357,000.00 in force, an increase of 80 policies for \$2,309,500.00.

d. The Contract Life reached a new high of [redacted] policies and \$4,810,000.00 in force, an increase of 28 policies and \$392,500.00.

25X9

e. The total in force under the WAEPA, UBLIC and Contract Life Insurance Plans is [redacted] for \$121,307,000.00, an increase of \$6,487,625.00.

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f. The PAMA (Parents Associated Medical Assurance) Plan terminated as of 30 June 1966. However, there was an increase of 121 new policyholders during this fiscal period. An "Open Period" for this Plan was held during the period 1 June - 31 July 1965. A total of 232 new applications were received.

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fourteen 28-day pay periods whereas this reporting period is for only thirteen 28-day pay periods.

The following Section reflects a statistical report of the operational activities of this Branch for the reporting period.

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Types of Coverage (continued)

AIR FLIGHT

| | | |
|-------------------|--|------|
| New Applications | | 25X9 |
| Cancellations | | |
| Policies in Force | | |
| Claims Paid | | |

MILITARY AIR FLIGHT

| | | |
|-------------------|--|------|
| New Applications | | 25X9 |
| Cancellations | | |
| Policies in Force | | |
| Claims Paid | | |

FLITE PLAN (Terminated 5/31/66)

| | |
|-------------------|-------------|
| New Applications | 0 |
| Cancellations | 86 |
| Policies in Force | 0 |
| Claims Paid (1) | \$ 4,400.00 |

TRAVEL-MATIC (Terminated 5/31/66)

| | |
|-------------------|-----|
| New Applications | 0 |
| Cancellations | 303 |
| Policies in Force | 0 |
| Claims Paid | 0 |

FLIGHT AND ACCIDENT PLAN

| | | |
|--------------------|--|--------------|
| New Applications | | 25X9 |
| Cancellations | | |
| Policies in Force | | |
| Insurance in Force | | |
| Claims (1) | | \$ 25,000.00 |

EMERGENCY TRAVEL

| | | |
|-------------------|--|-------------|
| New Applications | | 25X9 |
| Cancellations | | |
| Policies in Force | | |
| Number of Claims | | |
| Claims Paid | | \$ 3,585.58 |

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Type of Coverage (continued)

INCOME REPLACEMENT

| | |
|-------------------|------------|
| New Applications | 32 |
| Cancellations | 31 |
| Policies in Force | 282 |
| Number of Claims | 20 |
| Claims Paid | \$6,363.03 |

SPECIFIED DISEASES

| | |
|-------------------|----------|
| New Applications | 104 |
| Cancellations | 124 |
| Policies in Force | 1,146 |
| Number of Claims | 3 |
| Claims Paid | \$ 47.70 |

CONTRACT HOSPITALIZATION

25X9

| | |
|-------------------|---------------|
| New Applications | |
| Cancellations | |
| Policies in Force | |
| Number of Claims | |
| Claims Paid | \$76,238.64) |
| Average per Claim | \$ 197.00) |

These figures are for the P/P 5/9/65 - 4/9/66

These figures are for the P/P 5/9/65 - 5/7/66

FEDERAL ASSOCIATION PLAN HOSPITALIZATION

25X9

| | |
|-------------------|----|
| New Applications | |
| Cancellations | |
| Policies in Force | |
| Number of Claims | |
| Claims Paid | \$ |
| Average per Claim | |

These figures are for the P/P 5/9/65 - 4/9/66

These figures are for the P/P 5/9/65 - 5/7/66

PAMA HOSPITALIZATION (Terminated 6/30/66)

| | |
|-------------------|---------------|
| New Applications | 270 |
| Cancellations | 149 |
| Policies in Force | 1,234 |
| Number of Claims | 474 |
| Claims Paid | \$ 113,134.27 |
| Average per Claim | \$ 238.68 |

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Types of Coverage (continued)

DENTAL INSURANCE (DENTA) (Terminated 12/31/65)

| | |
|-------------------|--------------|
| New Applications | 204 |
| Cancellations | 2,350 |
| Policies in Force | 0 |
| Number of Claims | 1,347 |
| Claims Paid | \$158,444.98 |
| Average per Claim | \$ 117.63 |

MISCELLANEOUS

TALKS TO NEW E.O.D.'s

Number of Talks
 Number in Attendance

| |
|--|
| |
|--|

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SECTION II

Specific Plans for Fiscal Year 1967

(7/1/66 - 6/30/67)

1. The Civil Service Commission has declared an "open season" for Federal Hospitalization for the period 14 through 30 November 1966. This will involve additional workload, as follows:

(a) Prepare a [redacted] Headquarters Notice re Association Plan Hospitalization for distribution to all employees.

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(b) Revise the Association Plan Hospitalization Brochure for reprinting.

(c) Revise the Association Plan Major Medical Brochure for reprinting.

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[redacted]

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(f) Mail BRI 41-117 Federal Employees Health Benefits Program Brochure (information about Plan changes, effective January 1967) to 1,421 individual Agency employees insured under the Service Benefit Plan, Indemnity Benefit Plan, Group Health, National Postal Union Health Benefits Plan, and the SSS Plan of Puerto Rico.

(g) Process new applications and/or changes. Of course, there is no way to arrive at a definite figure but during the last "open season" the figure was 453.

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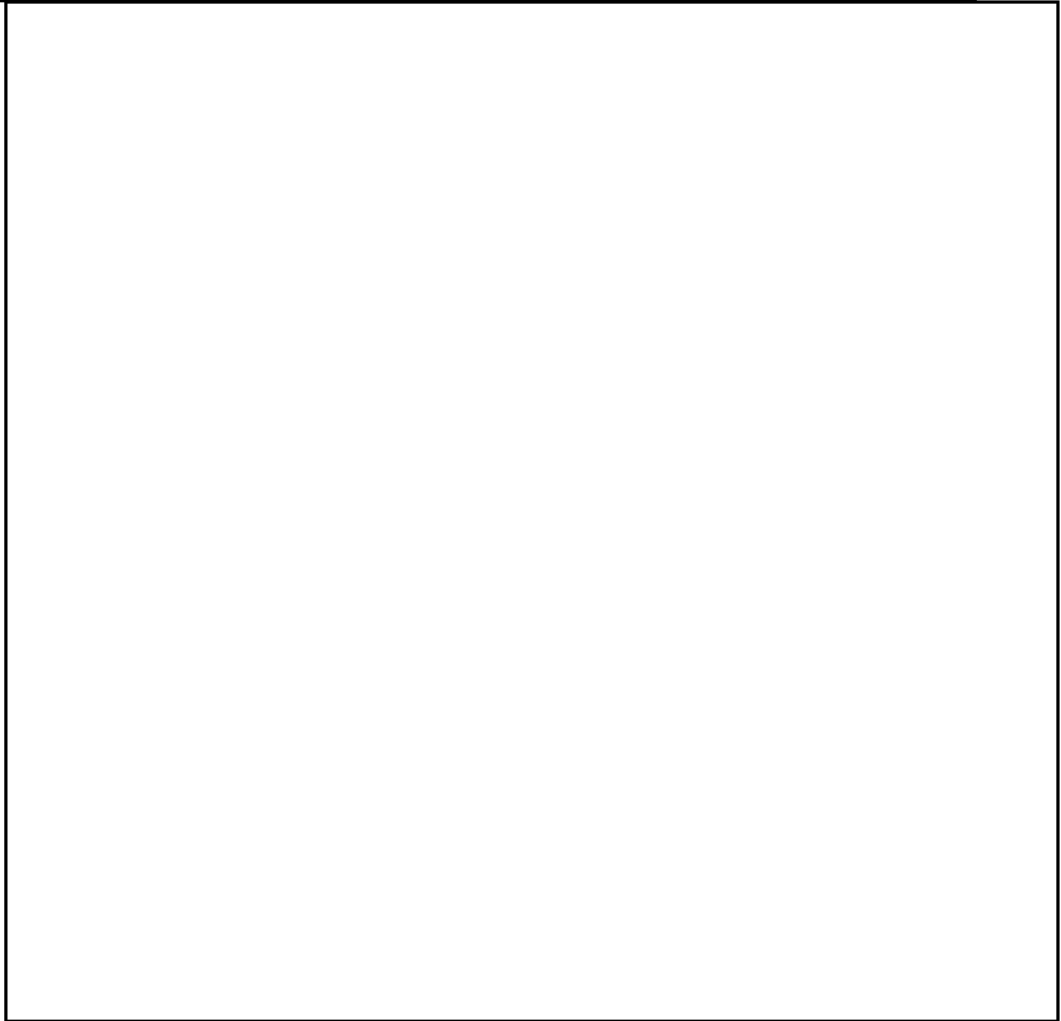
(h) In addition to (g) above, there will be 327 applications for changes to a High Option Plan for employees insured under the Low Option Association Plan if the termination of our LOW OPTION Plan is approved by the Civil Service Commission.

2. The procedures have been finalized and coordinated with the Office of Security and Cover Staff which

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(d) Of course, this will involve additional work throughout the Branch, as well as training of employees.

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3. Headquarters Notices have been prepared for distribution to all employees re changes in the Emergency Travel Plan of insurance which should be released during this fiscal year. The amount payable under the contract will be 75% of the actual two-way transportation cost of the purchaser, or designated substitute, from place of assignment to location where purchaser's attendance is required, as a result of very serious illness or death of a named person. The amount payable is limited to \$500.00 (Plan 1), \$1,000.00 (Plan 2) or \$1,500.00 (Plan 3). It is anticipated that quite a few new applications will be received as employees can purchase Plan 1 or Plan 2, whereas at present only Plan 3 is available.

4. The terminal benefits under the UBLIC plan of insurance will definitely increase the number of changes (increase in coverage) and new applications received, with the necessary review of health statements. Taking into consideration the strength of the Agency and the fact that we now have only 4,415 policyholders, eliminating those that do not have 10 more years of service prior to retirement, and there remains a sizeable number of potential applicants.

5. Approximately 550 refunds of prepaid premiums to PAMA policyholders must be issued, due to cancellation of contract.

6. The Office of Computer Services has agreed to include 24 tickets in each payment book for UBLIC, WAEPA, and Contract Life plans of insurance instead of the 12 tickets in each book at the present time. This will be a welcome change for our policyholders, as well as a savings of time in our Branch.

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SECTION III

Projected Workload Statistics

for Fiscal 1967 - 1968

Normal growth of all plans administered by the Insurance Branch can be expected to take place during fiscal 1967 - 1968 due to improved benefits being added to the plans now in effect, as well as the probability of new plans being added to the program. Also, workloads will undoubtedly increase due to more retirements, as well as new applicants and terminations. In addition, improved benefits such as terminal benefits under the UBLIC policy, should definitely increase the growth of this plan, as well as an increased number of death claims.

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