

COMMENT SHEET

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TO:
Office of Congressional Affairs

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FROM: Compensation, Automation, and Planning/OP

SUBJECT: H.R. 5167, Federal Employee Long Term Care Protection Act

Subject bill has been reviewed by the Office of Personnel and our position is as follows:

- No objection.
- Continue monitoring/OP interest.
- No CIA equities.
- Seek CIA exemption.
- Advise OP when enacted.
- Comments.

This bill is almost identical to S. 1738, which was introduced in late 1987 to make long-term health insurance available to civilian Federal employees. Please refer to the attached memorandum to you from DD/CAP dated 3 February 1988. OGC also reviewed S. 1738 and forwarded their views to OCA on 19 February 1988.

H.R. 5167 differs from S. 1738 only by its inclusion of a title, its addition of a definition for "long-term care insurance," and its addition of a new subsection (g) to section 8710 of title 5, United States Code, to replace a sentence proposed by S. 1738 to be added to section 8710(a).

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16 August 1988
Date

Name Signed

03 FEB 1988

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MEMORANDUM FOR:
Office of Congressional Affairs

VIA: Deputy Director of Personnel

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FROM:
Deputy Director of Personnel for
Compensation, Automation, and Planning

SUBJECT: S.1738, Long-Term Health Care Insurance for Federal Civilian
Employees

1. You have requested our comments on subject bill, which provides federal employees the opportunity to convert a portion of their basic life insurance to long-term health care insurance. Employees who want to retain their full life insurance coverage may opt to pay full cost for long-term care coverage. Also, employees may purchase supplementary long-term care insurance for a spouse without evidence of such spouse's insurability.

2. We strongly favor passage of this bill. We believe it shows foresight by addressing a need that will become more prevalent as the life expectancy of our elder population increases.

3. We would appreciate you continuing to monitor the status of this bill and advising us accordingly.

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100TH CONGRESS
2D SESSION

H. R. 5167

To make long-term care insurance available to civilian Federal employees, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 4, 1988

Mr. SLAUGHTER of Virginia (for himself, Mr. RINALDO, and Mr. BURTON of Indiana) introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

To make long-term care insurance available to civilian Federal employees, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Federal Employee Long
5 Term Care Protection Act".

6 **SEC. 2. AMENDMENTS TO FEDERAL EMPLOYEES' GROUP LIFE**

7 **INSURANCE LAW.**

8 Chapter 87 of title 5, United States Code, is amended—

9 (1) in section 8701, by adding a new subsection (e) to

10 read:

1 “(e) For the purpose of this chapter, “long-term care
2 insurance” means any policy purchased by the Office of Per-
3 sonnel Management under authority of section 8709 of this
4 title for the purpose of providing coverage for not less than
5 twelve consecutive months for each covered person on an
6 expense incurred, indemnity, or prepaid basis with regard to
7 the covered person’s covered expenses for necessary diagnos-
8 tic, preventive, therapeutic, rehabilitative, maintenance, or
9 personal care services to maintain activities of daily living or
10 functional capacity, provided in a setting other than an acute
11 care unit of a hospital. Such coverage may include not only
12 institutional services but in-home and community-based serv-
13 ices as well. The coverage under long-term care insurance is
14 not intended to provide basic Medicare supplemental cover-
15 age, basic hospital expense coverage, basic medical-surgical
16 expense coverage, hospital confinement indemnity coverage,
17 major medical expense coverage, disability income protection
18 coverage, accident-only coverage, specified disease or speci-
19 fied accident coverage, or limited benefit health coverage.”

20 (2) in section 8704, by adding a new subsection
21 (e) to read:

22 “(e)(1) The Office shall provide optional group long-term
23 insurance coverage for civilian employees in accordance with
24 the following terms and conditions:

1 “(A) Consistent with the conditions, directives,
2 and terms specified in sections 8709 and 8712 of this
3 title, the Office shall arrange for each qualified em-
4 ployee, as defined in paragraph (4) of this subsection,
5 to have an opportunity to irrevocably convert a portion
6 of the employee’s basic insurance amount and associat-
7 ed accrued projected claims reserve funds, as deter-
8 mined by the Office of Personnel Management, for pur-
9 poses of group life insurance and accidental death and
10 dismemberment insurance under this section to group
11 long-term care insurance.

12 “(B) The long-term care insurance shall provide
13 specified dollar reimbursements for a period of at least
14 1 year’s duration to offset expenses related to nursing
15 home and home health services required by the em-
16 ployee and may include additional benefits which the
17 Office determines to be appropriate. The long-term
18 care insurance shall, as the Office deems appropriate,
19 offer employees more than one reimbursement plan
20 from more than one insurer.

21 “(C) The Office shall determine appropriate em-
22 ployee contributions which will be payable for all peri-
23 ods during which long-term care insurance continues
24 and will be withheld from any salary, compensation, or
25 retirement annuity due an insured individual. Each em-

1 ployee's contribution rate under this subsection shall be
2 determined by the employee's age at the time an elec-
3 tion is made for purposes of this subsection, relative to
4 such age and rate categories as the Office determines
5 will, with adjustments provided for by paragraph (3)
6 below, fully cover estimated long-term care insurance
7 policy costs in excess of the actuarial value of the life
8 insurance conversion amount.

9 "(D) The Office shall establish appropriate age
10 and rate categories for qualified employees who wish to
11 avoid the basic insurance conversion requirement and
12 pay the full cost of group long-term care coverage.

13 "(E) The Office shall also arrange for qualified
14 employees who elect group long-term care insurance
15 on themselves under this subsection to have, simultane-
16 ous with their election or upon subsequent marriage,
17 the option of purchasing supplementary long-term care
18 insurance coverage on a spouse, without evidence of
19 such spouse's insurability and at appropriate group
20 rates added to the affected employee's individual con-
21 tribution rate.

22 "(F) An active or retired employee may cease
23 contributions under this subsection at any time, in
24 which case the long-term care insurance shall termi-

1 nate, with no restoration of converted group life insur-
2 ance coverage.

3 “(2) Any employee who elects to convert basic life in-
4 surance to long-term care insurance as provided by para-
5 graph (1) of this subsection shall retain a residual amount of
6 the group life insurance and accidental death and dismember-
7 ment insurance authorized under this section which shall
8 equal the greater of—

9 “(A) \$2,000, or

10 “(B) an amount representing the basic insurance
11 amount generally available based on the employee’s
12 current annual rate of basic pay decreased by the life
13 insurance conversion requirement established pursuant
14 to paragraph (3) of this subsection on the date the em-
15 ployee elected long-term care insurance.

16 “(3) For purposes of this subsection, the Office shall
17 specify the initial dollar amounts for the life insurance con-
18 version requirement and, in consultation with insurers, deter-
19 mine the reimbursement rates for the benefits under each
20 long-term care insurance plan, which shall include options for
21 reasonable waiting periods for benefit commencement; and
22 periodic employee contributions for self and for spouse cover-
23 age based on age categories of qualified employees as the
24 Office considers appropriate. All amounts determined in ac-
25 cordance with this paragraph shall be subsequently adjusted

1 on the effective date, and in accordance with the average
2 percent, of any change in pay rates for the General Schedule
3 authorized under section 5305 of this title. Other adjustments
4 of amounts under this paragraph may be made at such other
5 times and in such amounts as the Office deems necessary and
6 prescribes by regulation. The Office may, through negotia-
7 tions with insurers, provide options that, by using other in-
8 dexes, allow increases that exceed those of the General
9 Schedule.

10 “(4) A qualified employee who is for purposes of this
11 subsection is any employee subject to this chapter and who—

12 “(A) is in active service;

13 “(B) attains an age specified by regulations of the
14 Office, which shall be no less than age 50;

15 “(C) is currently insured under this chapter and
16 has been insured for a total of 10 years, or elects to
17 make contributions for long-term care insurance with-
18 out the benefit of the basic insurance conversion au-
19 thorized by paragraph (1) of this subsection; and

20 “(D) has not transferred ownership of life insur-
21 ance to another person under subsection 8706(e) of this
22 chapter.

23 “(5) Unless otherwise provided by regulations of the
24 Office, all elections involving employee insurance under this
25 subsection must be made within a period which the Office

1 shall specify that begins when each employee first becomes a
2 qualified employee as described in paragraph (4) of this sub-
3 section.”

4 (3) in subsection 8706(a)—

5 (A) by inserting “life insurance” immediately
6 before “policy purchased”; and

7 (B) by inserting the following sentences im-
8 mediately after the first sentence. “An election of
9 long-term care insurance under 8704(e) shall be
10 disregarded for purposes of determining an em-
11 ployee’s basic insurance amount under this sub-
12 section. A long-term care insurance policy under
13 this chapter may provide for conversion to an in-
14 dividual or group policy upon separation from
15 service.”

16 (4) by amending subsection 7807(c) to read:

17 “(c)(1) Except as otherwise provided by this subsection,
18 the amount withheld from the pay, annuity, or compensation
19 of each employee subject to insurance deductions under this
20 section shall be at the rate, adjusted to the nearest half-cent,
21 of $66\frac{2}{3}$ percent of the level cost as determined by the Office
22 for each \$1,000 of the employee’s basic insurance amount.

23 “(2) No employee withholding is required under this
24 section, however, for any part of the basic insurance amount

1 that is converted to long-term insurance under subsection
2 8704(e) of this title.”;

3 (5) by amending subsection 8708(a) to read:

4 “(a) Except as otherwise provided by this section, for
5 each period in which an employee is insured under a policy of
6 insurance purchased by the Office of Personnel Management
7 under section 8709 of this title and is subject to withholding
8 under section 8707 of this title, a sum equal to one-half of the
9 general employee withholding specified under subsection
10 8707(c)(1) of this title shall be contributed from the appro-
11 priation or fund used to pay the the employee. Contributions
12 under this section shall be apportioned between basic life in-
13 surance and long-term care insurance accounts in the Em-
14 ployees’ Life Insurance Fund if an employee has elected the
15 basic insurance conversion permitted under subsection
16 8704(e) of this title.”;

17 (6) in section 8708, by adding a new subsection
18 (d) to read:

19 “(d) The sum required by subsection (a) of this section in
20 the case of each employee who retires on immediate annuity
21 or commences receiving compensation under subchapter I of
22 chapter 81 of this title after December 31, 1989, and who
23 elects to retain insurance in accordance with 8706(b)(3)(A) of
24 this chapter, shall be paid by the Office from annual appro-

1 priations which are hereby authorized to be made for that
2 purpose and which may be made available until expended.”;

3 (7) by amending subsection 8709(a) to read:

4 “(a) The Office of Personnel Management may, in its
5 sole discretion and without regard to section 5 of title 41,
6 United States Code, purchase from one or more duly licensed
7 insurers a policy or policies to provide benefits specified by
8 this chapter, including group life insurance, accidental death
9 and dismemberment insurance, and long-term care insurance.

10 For long-term care insurance, purchase will be through a
11 competitive process among insurers who agree to accept li-
12 ability for the benefits offered. To be eligible for consideration
13 as an insurer under this chapter, an entity must meet the
14 following requirements:

15 “(1) For purposes of group life and accidental
16 death and dismemberment insurance, it must—

17 “(A) be licensed to transact such insurance
18 in all the States, and

19 “(B) have in effect, on the most recent De-
20 cember 31 for which information is available to
21 the Office, an amount of employee group life in-
22 surance equal to at least 1 percent of the total
23 amount of employee group life insurance in the
24 United States in all life insurance companies.

1 “(2) For purposes of group long-term care insur-
2 ance, it must—

3 “(A) be licensed to transact group life or
4 health insurance in each State in which the com-
5 pany proposes to offer long-term care benefits
6 provided by this chapter, and

7 “(B) have, in the judgment of the Office,
8 long-term care expertise, substantial experience
9 with insuring very large groups, and financial
10 soundness.”

11 (8) in section 8710—

12 (A) by inserting “life and accidental death
13 and dismemberment” immediately after “total
14 amount of” in subsection 8710(a); and

15 (B) by adding a new subsection (g) to read:

16 “(g) The Office shall arrange with a company issuing a
17 policy for long-term care insurance for the reinsurance, under
18 conditions approved by the Office, of portions of the total
19 liability to be assumed with other insurance companies or
20 financial entities which elect to participate in the
21 reinsurance.”

22 (9) by amending the fourth sentence of subsection
23 8712 to delete the word “life”; and

24 (10) in the first sentence of subsection 8714(a) by
25 inserting “8704(e) or” before “8707”.

1 **SEC. 3. EFFECTIVE DATE.**

- 2 This Act shall take effect on January 1 of the first year
3 which begins at least 120 days after enactment.

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