

For: FFAS Employees

Federal Long Term Care Insurance Program (FLTCIP) Open Season

Approved by: Deputy Administrator, Management



1 Overview

A

Background

Public Law 106-265, the Long Term Care (LTC) Security Act, authorized the Office of Personnel Management (OPM) to contract insurance companies to offer a new LTC insurance program for Federal and military employees and retirees, and eligible family members. The insurance program will be available by October 2002. It is the largest program ever offered by OPM, with an eligible population of some 20 million individuals.

B

Purpose

This notice informs FFAS employees about the following:

- FLTCIP open season
- rules governing FLTCIP and other aspects of the roll-out.

<p>Disposal Date</p> <p>February 1, 2003</p>	<p>Distribution</p> <p>All FAS, FSA, and RMA employees; State Offices relay to County Offices</p>
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2 LTC Insurance

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**FLTCIP
Educational
Meetings**

FLTCIP is the only LTC insurance program authorized to be offered as part of the Federal and county workforce benefit package. LTC Partners is the contractor that OPM has chosen to provide this insurance benefit to Federal, civilian, and county employees. LTC Partners and their contractors will be conducting program educational meetings throughout the United States beginning July 15, 2002, and continuing through November 2002. LTC Partners has been working with many of the Agency's implementation coordinators to develop a schedule of these meetings.

Since it is not possible for LTC Partners to visit every Federal worksite, the Agency will provide video tapes for those without access to a program educational meeting, including our members of the Federal family. Another option is the online version of the program education meeting that can be viewed on the LTC Partners website at www.ltcfeds.com starting in July 2002. Meetings will not be held outside the United States.

B

What Is LTC?

LTC is insurance that helps pay for LTC service that may be needed if an employee cannot take care of themselves because of an extended illness or injury, or an age-related disease such as Alzheimer's. LTC insurance can provide broad, flexible benefits for nursing home care, care in an assisted living facility or home, adult day care, hospice care, and more. LTC insurance can supplement care provided by family members, reducing the burden placed on them.

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2 LTC Insurance (Continued)

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Does Federal Employee Health Benefits (FEHB), Medicare, or Medicaid Cover LTC?

FEHB do **not** cover LTC.

Note: See the employee FEHB brochure under Sections 5(a) and 5(c), “Not Covered”. FEHB does not cover custodial care, a stay in an assisted living facility, or a continuing need for a home health aide to help with other activities of daily living. Limited stays in skilled nursing facilities can be covered in some circumstances only.

Medicare:

- only covers skilled nursing home care, the highest level of nursing care, after a hospitalization for those who are blind, age 65 or older, or fully disabled
- has a 100-day (3 month, 10 day) limit.

Medicaid covers LTC for those who meet the State’s poverty guidelines, but has restrictions on covered services and where they can be received.

3 FLTCIP Open Season and Effective Date

A

FLTCIP Open Season

FLTCIP open season begins July 1, 2002, and ends December 31, 2002.

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FLTCIP Effective Date

Effective dates will always be on the first day of the month. If a coverage effective date falls on a weekend or a holiday, the employee must be actively at work on the last workday before that date.

Many employees will have original effective dates of October 1, 2002, since that is the first date that open season enrollment can take effect. November 1, 2002, December 1, 2002, and January 1, 2003, will also be common original effective dates. Since coverage will not become effective when the employee is not actively at work on their original effective date, employees may wish to consider carefully before scheduling leave on that date. Since December 1, 2002, falls on a weekend, an employee must be actively at work on November 29, 2002, for coverage to take effect with a December 1, 2002, effective date. For a January 1, 2003, effective date, an employee must be actively at work on December 31, 2002, for coverage to take effect, since January 1 is a holiday.

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3 FLTCIP Open Season and Effective Date (Continued)

**C
Advantage of
Applying During
an Open Season**

During the FLTCIP open season, Federal, civilian, and county employees and their spouses, can apply for FLTCIP using an **abbreviated** underwriting application that asks only a few health-related questions. After FLTCIP open season, a full underwriting application must be used that contains more health-related questions.

All open season applicants will have premiums based on their age on July 1, 2002, no matter when during open season they apply.

Example: Someone who turns age 55 in August applying for coverage in October 2002 will get age 54-based premiums, since that was their age on July 1, 2002.

**D
Denied or Did
Not Apply
During Early
Enrollment
Because of
Underwriting**

Employees who did not apply during early enrollment because they would not pass underwriting should consider applying during open season because there are more options available. There is an alternative insurance plan for some employees and spouses who are denied the coverage that was applied for. The alternative insurance plan provides more limited insurance coverage.

Example: Only nursing home coverage, with a 180-day waiting period.

There is also a service package for all employees who are declined insurance coverage. The service package includes access to care coordination services and provider discounts for a small annual fee.

**E
After Open
Season Ends**

After open season ends, employees can still apply for FLTCIP coverage, but must complete a **full** underwriting application. Premiums will be based on the applicant's age at the time the LTC Partners receive the application. New employees, employees in newly eligible positions, and their spouses can apply using the abbreviated application within 60 days of becoming eligible to apply. After that 60 days, the full underwriting application will be used.

**F
Will There Be
Annual Open
Seasons for
FLTCIP?**

FLTCIP will **not** have annual open seasons. Future FLTCIP open seasons will be held but not on a regular or frequent basis. There is not a scheduled date for the next FLTCIP open season.

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3 FLTCIP Open Season and Effective Date (Continued)

G

**Applying After
FLTCIP Open
Season**

LTC Partners will accept full underwriting applications from eligible individuals at any time. After FLTCIP open season ends, employees, members of the uniformed services, and their spouses (other than new employees) are ineligible for abbreviated underwriting and a full underwriting application must be completed.

4 Underwriting

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**What Is
Underwriting?**

Underwriting is the process of reviewing medical and health-related information furnished in an insurance application process to determine whether the applicant presents an acceptable level of risk and is insurable.

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**Abbreviated
Underwriting**

In abbreviated underwriting, the application has several health-related questions designed to determine who may be immediately eligible for benefits, or likely to be eligible for benefits within a relatively short period of time. Employees who apply for insurance coverage will answer 7 questions, and their spouses who apply will answer 9. Those employees applying for the unlimited benefit period will have to answer a few additional questions, sign a release giving access to medical records, and perhaps have an interview with a nurse.

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**Full
Underwriting**

With full underwriting, there are more health-related questions and may also include the following:

- a review of medical records
- an interview with a nurse.

This is the same level of underwriting that those who purchase individual policies in the private market undergo.

Some employees did not apply during early enrollment because of the following:

- they knew they would not pass underwriting
 - the application told them not to send in the application if they answered yes to any of the questions.
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5 FLTCIP Eligibility

**A
Eligibility**

To be eligible for FLTCIP, you must be a Federal, civilian, or county employee in a position that conveys eligibility for the FEHB Program. It does not matter if employees are actually enrolled in FEHB, only that they are eligible to enroll.

Employees must be in a position that conveys eligibility for FEHB at the time they apply for FLTCIP coverage. If an employee has FEHB coverage because of previous eligibility and continuity of coverage provisions, but the employee's current position does not convey FEHB eligibility, the employee **is not** eligible to apply for FLTCIP coverage, such as an intermittent work schedule. Intermittent appointments do not convey FEHB eligibility.

**B
Temporary
Employees**

Temporary employees are eligible to apply for FLTCIP coverage under the same rules as FEHB. Once a temporary employee has completed 1 year of continuous current employment, they have 60 days from the date of first eligibility to apply for coverage using an abbreviated underwriting application.

**C
Annuitants**

Federal civilian annuitants, including surviving spouses, other survivor annuitants, FERS Minimum Retirement Age (MRA)+10 annuitants, deferred annuitants (when they are receiving annuities), and compensationers are eligible to apply for the insurance coverage. There is no "5 year rule" for the FLTCIP, as there is for the FEHB Program.

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5 FLTCIP Eligibility (Continued)

D

Qualified Relatives

The following tables lists qualifying relatives for LTC.

IF the relative is the...	THEN...
current spouse	the current spouse of an eligible person noted in subparagraph C may apply for coverage. This includes a surviving spouse of a member or retired member of the uniformed services who is receiving a survivor annuity. Receipt of Veterans Affairs qualifies as a survivor annuity.
parent, parent-in-law, and stepparent of the working employee	the parents, parents-in-law, and stepparents of the living employees are eligible to apply but those of annuitants and retired members of the uniformed services are not. Parents-in-law include the parents of a deceased spouse, as long as the employee has not remarried. A stepparent is the person who is currently married to the employee's parent, or if the parent is dead, the person who was married to the employee's parent at the time of the parent's death.
adult child	the adult children of living employees and living annuitants are eligible to apply. This includes natural children, adopted children, and stepchildren. Note: An adult child is age 18 or over.

E

New Employees

A new employee and their spouse will have 60 days from becoming eligible to apply for coverage with abbreviated underwriting. This 60-day opportunity also applies when an employee is for the first time entering a position that conveys eligibility for FLTCIP, and when an employee returns to service after a break in service of 180 days or more.

The employing office is responsible for letting a new employee know about the eligibility to apply for FLTCIP when it counsels the employee on other benefits, such as FEHB and FEGLI. An informational pamphlet will be published that employing offices can hand out to new employees that will describe FLTCIP and will be available after the open season ends.

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5 FLTCIP Eligibility (Continued)

F

When a New Employee Misses the 60-Day Period to Apply

If a new employee misses the 60-day period to apply for FLTCIP, then the employing office may authorize a belated new employee application when an employee can show that they were unable, for causes beyond their control, to submit an application within the initial 60-day eligibility period. The employing office must make this determination within 6 months from the first day the employee became eligible. The employing office must make this authorization in writing so that the employee can submit that documentation with their application.

The employing office shall use the following wording for the authorization.

“(Employee’s name) became eligible for FLTCIP on (date). We have determined that (employee’s name) was unable to submit an abbreviated underwriting application during the 60-day eligibility period because (give specific reason why).”

An employing office official should sign and date the authorization and give a copy to the employee. Retain a copy for your records in case the LTC Partners has a question about the authorization.

The employing office should use this authority sparingly, only in instances where the cause for not submitting an application was truly outside the employee's control.

Example: It can be positively verified that the employee was not made aware of FLTCIP until after the initial eligibility period was over.

G

60-Day Period for New Spouses

When an employee marries, the new spouse has 60 days from the date of the marriage to apply for coverage using an abbreviated underwriting application. However, if the employee wants to apply as well, they must apply with the full underwriting application because the employee/member already had an opportunity to apply using an abbreviated underwriting application.

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When Other New Qualified Relatives Can Apply

Other new qualified relatives of an employee or annuitant may apply for coverage at any time using a full underwriting application.

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5 FLTCIP Eligibility (Continued)

I
**Employee in a
Nonpay Status**

An employee should not apply for FLTCIP coverage while in nonpay status. The coverage will not become effective as long as the employee is in a nonpay status. The application may no longer be valid by the time the employee returns to pay status, because health and eligibility may have changed. The employee should wait to apply until after returning to pay status.

An employee returning to pay status during the open season will have 60 days from the date they return to pay status, or until the end of the open season, whichever provides more time, to apply for coverage with abbreviated underwriting.

Example: An employee who returns to pay status on October 15, 2002, has until December 31, 2002, to apply with an abbreviated underwriting. Their age for premium purposes would be their age on July 1, 2002, because they are applying during the open season. An employee who returns to pay status on November 15, 2002, will have until January 14, 2003, to apply. If the employee applies after the open season ends, their age for premium purposes would be their age on the date that their application is approved. An employee returning to pay status after the end of the open season will have 60 days from their return to apply for coverage with an abbreviated underwriting.

Both of these 60-day periods only apply if the employee has been in nonpay status in aggregate for over half of the open season. An employee who has been actively at work for at least half of the open season has had ample opportunity to get information about FLTCIP and to apply for coverage without the need for special provisions.

J
**Who is Not
Eligible**

The following are **not** eligible for LTC:

- a former spouse, even if eligible for FEHB coverage and/or is eligible for or receiving an apportionment of a survivor annuity
- foster children.

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5 FLTCIP Eligibility (Continued)

**K
Certifying
Eligibility**

FLTCIP relies on self-certification of an applicant's eligibility. The application asks the applicant to designate his or her eligibility category. The applicant's signature in the Agreement and Authorization section of the application signifies that the answers the applicant has given on the form, including his or her status as an eligible individual, are true and complete. This signature also attests that the applicant understands that if they are approved for coverage, but should not have been because 1 or more answers are not true, the LTC Partners has the right to deny benefits or cancel the insurance.

An enrollee who misrepresents their inclusion in an eligible group on the application risks losing coverage, and there is no time limit on this. Incontestability does not apply in this case.

**L
Responsibility
for Verifying
Eligibility**

Employing offices are not expected to check or verify an applicant's eligibility status, but should give guidance to employees who may ask if they are eligible to apply for FLTCIP. Employing offices are not expected to inform the LTC Partners about the eligibility or ineligibility of an applicant. However, if an employee submits a claim for benefits, the LTC Partners may have a question about eligibility and may contact the agency for assistance. Full cooperation is expected with the LTC Partners on such a request.

6 Incontestability

A Incontestability Information

Incontestability is an insurance term and is part of FLTCIP. The LTC Partners cannot use any statement made by an enrollee that is about insurability to contest the validity of the enrollee's coverage or to deny an otherwise valid claim, unless the statement was contained in writing and signed by the enrollee, and the LTC Partners provided the enrollee with a copy of the form containing the statement in question, such as the application.

If coverage has been in force for:

- **less than 6 months**, the LTC Partners may contest the validity of coverage, cancel coverage and return premiums, or deny an otherwise valid claim if it is proven that the enrollee misrepresented information in the application process
 - **at least 6 months** but less than 2 years, the LTC Partners may contest the validity of coverage or deny an otherwise valid claim if it is proven that the enrollee misrepresented information about the condition that is the basis for the enrollee's claim
 - **2 years or more**, the LTC Partners may contest the validity of coverage or deny an otherwise valid claim only upon proving that the individual knowingly and intentionally, by statement or omission, provided inaccurate information that was material to the decision to issue the insurance.
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7 Effective Date of Coverage

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Employee Must
Be Actively at
Work

Once the LTC Partners approves an application for coverage, a notice of the approval will be sent to the applicant and will provide an “original effective date” of coverage. An employee **must be actively at work** for at least half of their regularly scheduled work hours on that date for coverage to take effect or on the last workday before that date, if it falls on a weekend or holiday.

If the employee works other than a full-time schedule, and the original effective date falls on a date that they are not scheduled to be at work, then they must meet the actively at work requirement on their closest workday before that original effective date.

Applicants are solely responsible for letting the LTC Partners know if they do not meet the actively at work definition on the original effective date. Employing offices should not attempt to police or verify that an employee is actively at work on their original effective date.

Applicants are also solely responsible for letting the LTC Partners know if there are any health changes from the time the application was completed until the effective date of coverage. If so and if that change in health is such that 1 or more questions on the application would be answered differently, the LTC Partners shall be informed by the applicant. The LTC Partners will then determine whether the applicant is still approved for coverage. If the LTC Partners is not informed of this change in health, then the LTC Partners may have the right to deny a claim for benefits or rescind coverage.

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7 Effective Date of Coverage (Continued)

B

Employee Is Not Actively at Work on the Original Effective Date

If the employee does not meet the actively at work definition on the original effective date, they are obligated to contact the LTC Partners with that information. The LTC Partners will issue a revised effective date, which is the first day of the month after the date the employee returns to active work. However, for coverage to become effective on the revised effective date, the employee must meet the actively at work requirement on that date as well. An employee's coverage will not become effective until they meet the actively at work requirement on the coverage effective date issued by the LTC Partners. If the LTC Partners discovers that an employee was not actively at work on the "effective" date of coverage, benefits will never be paid because coverage never went into effect.

Employing offices are not expected to monitor or report to the LTC Partners on an employees' work status on their original effective dates. However, if an employee submits a claim for benefits, the LTC Partners may have a question about eligibility and may contact the agency for assistance. Full cooperation is expected with the LTC Partners on such a request.

C

Actively at Work Definition

Actively at work means that a Federal, civilian, or County employee meets all of the following conditions. The employee is:

- reporting for work at the usual place of employment or other location to which Government business requires him or her to travel
- able to perform all the usual and customary duties of employment on their regular work schedule
- **not** absent from work because of sickness, injury, annual leave, sick leave, or any other leave.

Note: An employee is not considered to be on leave on their alternate work schedule's scheduled day off.

8 Separating Employees

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When Separating for Retirement

If an employee retires after applying for coverage but before the coverage becomes effective, the coverage will not go into effect. If the employee still wishes to have the coverage, they must reapply for coverage using the full underwriting application required of annuitants. An employee applying for FLTCIP coverage who is considering retirement may wish to consider delaying retirement until after their FLTCIP coverage has gone into effect.

Since October 1, 2002, is the first date that an open season enrollment can become effective, any employee who applies for coverage and then retires before that date will have to reapply with full underwriting, regardless of when they applied during the open season. The employee may choose to wait until he or she has retired and then complete the full underwriting application.

B

When Separating for Other Reasons

An employee who otherwise separates from service (not through retirement) after he or she applies for coverage, but before the coverage becomes effective, loses eligibility to apply for insurance coverage under FLTCIP. The coverage applied for will not go into effect.

Note: The employee has a positive obligation to notify LTC Partners in such an instance.

An employee applying for FLTCIP coverage who is planning to separate from service may wish to consider delaying their separation date until after their FLTCIP coverage has gone into effect.

There is an exception to the above rule when an employee is involuntarily separated, such as through a reduction in force. Coverage will go into effect as if the employee had not separated. However, if the separation is because of the employee's misconduct, they lose eligibility and coverage will not go into effect.

9 Insurability Decisions

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LTC Partners Makes Insurability Decision

LTC Partners makes all insurability decisions, and those decisions cannot be appealed to OPM. An applicant, however, may ask LTC Partners to reconsider its decision. This is similar to FEGLI Program requirements, where decisions to deny life insurance coverage cannot be appealed to OPM.

10 Coverage Is Portable

A Portable Coverage

Once FLTCIP is effective, the coverage is fully portable. An enrollee can continue coverage as long as he or she pays premiums. This includes when an employee separates or retires from Federal service, or when a qualified relative loses eligibility status, such as through divorce. There are no requirements to carry it for any length of time before retirement or separation.

Example: An employee whose coverage became effective on October 1 can retire on October 2 and carry coverage into retirement with no additional underwriting. The employing office does not need to take any action to ensure portability. Premiums do not change just because an employee retires or leaves an eligible group.

11 LTC Partners Contacts

A Contacts

Employees should contact LTC Partners at any of the following:

- toll free number at 1-800-LTC-FEDS or 1-800-582-3337
- TDD for the hearing impaired at 1-800-843-3557
- visit the website **www.ltcfeds.com**.

LTC insurance is a complicated subject. It is not practical for employing office personnel to become well versed in LTC insurance without extensive training to counsel employees properly. LTC Partners has certified LTC insurance specialists available to help eligible members of the Federal family make informed decisions on FLTCIP coverage.

Employing offices will not get a listing of their employees who have applied and been approved or denied for coverage. LTC Partners will not release information on an employee's application with agencies. That information is private and protected. Employees with questions on coverage should go directly to LTC Partners.

12 How to Apply

A Requesting Open Season Application Kit

To request an FLTCIP open season application kit, interested employees should contact the LTC Partners:

- toll free number at 1-800-LTC-FEDS or 1-800-582-3337
 - TDD for the hearing impaired at 1-800-843-3557
 - visit the website **www.ltcfeds.com**.
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13 FLTCIP Open Season Application Kit

A Open Season Kit

No one will receive a FLTCIP open season application kit automatically. Anyone who wishes to have an application kit must request the kit by 1 of the 3 methods in paragraph 12.

Note: By only sending the kit to persons who are truly interested, agencies can help keep Program administrative costs and premiums down, and personal requests allow the kits to contain personalized rate quotes based on the requestor's age.

The open season application kit instructs the employee to return a completed application within 60 days of receiving the kit. These dates are designed to help LTC Partners balance the tremendous workload that will result from this new Program. While it is true that eligible individuals can submit applications anytime during open season, agencies strongly encourage employees to apply during their designated 60-day "window".

14 Action

A State Office Action

State Offices shall:

- provide enrollment and open season information to employees
- **not** counsel employees or process LTC insurance

Note: Processing LTC insurance will be handled by LTC Partners and NFC.

- refer employees with questions concerning their LTC premiums to LTC Partners at 1-800-843-3557.

For new hires, see subparagraph 5 E for State Office action.
