



# AFSA NEWSLETTER

FOR RETIREES AND MEMBERS IN TRANSITION

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## What to Expect in 2011?

### COLA

Inflation dropped 0.1 percent in June. Unless this trend is reversed significantly in the next three months, it is unlikely that there will be a cost-of-living adjustment for federal retirees and Social Security beneficiaries in 2011.

While inflation is down, any significant increase in Federal Employees Health Benefit Plan premiums will cut into fixed incomes. (Health care constitutes only 6 percent of the COLA calculation.)

It will be important for retirees to carefully compare FEHB premiums during open season, which begins Nov. 8.

### Federal Salaries

Federal employees may fare better than retirees in 2011. At this point, Congress appears ready to approve the 1.4-percent raise recommended by President Obama for civilian (and military) employees in his Fiscal Year 2011 budget request.

On July 29 the Senate Appropriations Subcommittee on Financial Services and General Government approved a 1.4-percent increase for federal employees. And the House Appropriations Defense Subcommittee has marked up a

version of the Defense appropriations bill with the same amount.

There is more uncertainty about the military pay increase. The president recommended a 1.4 percent increase for service members, which would be the smallest increase for the military since 1973. But in May the House adopted a 1.9-percent pay raise for service members in the defense authorization bill. How much will be appropriated is another matter.

Federal unions appear to be resigned to a more modest increase in 2011 but are still concerned about allegations in the media and by conservative think-tanks that federal employees are overpaid. To add to this concern, Director of Personnel Management John Berry has indicated that he believes the data provided by the Department of Labor showing that the private sector is paid more than the public sector lack "necessary detail".

While nothing is assured, efforts this session to freeze federal pay at current levels have not garnered significant support in Congress.

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## Benefits Update

### TSP

Starting the first full pay period in August, new or rehired federal employees will be automatically enrolled in the Thrift Savings Plan at a contribution rate of 3 percent of basic pay.

The contributions will be invested in the Government Securities Investment Fund unless employees request contribution allocations into other plans within the TSP. (Other plans include lifecycle, fixed income, common stock, small cap stock and international stock funds.)

The G Fund is invested exclusively in non-marketable short-term U.S. Treasury securities issued only to the TSP.

The G Fund's earnings consist only of interest income, and payment of G Fund principal and interest is guaranteed by the U.S. Government.

The G Fund is subject to inflation risk or the possibility that a G Fund investment will not grow enough to offset the reduction in purchasing power that results from inflation.

New enrollees will receive Agency Automatic (1 percent) and Agency Matching Contributions. Employees who were automatically enrolled may terminate future contributions to the TSP and receive a refund of employee contributions and any earnings.

The new rule does not affect federal employees already working for the government who do not participate in the TSP. These employees may choose to invest in the plan in the future.

### Family Leave

In June the Department of Labor issued a modification of the Family and Medical Leave Act to allow lesbian, gay, bisexual and transgender parents to take unpaid leave to care for family members.

The modification gives workers up to 12 weeks of unpaid leave during any 12-month period to care for family members or themselves, or for the adoption or birth of a child.

The FMLA applies to private employers with at least 50 employees and all public employers and their employees who have worked for at least 12 months and put in at least 1,250 hours in the past 12 months.

### Long-Term Care Insurance

On June 1 the Office of Personnel Management issued final guidelines providing that same-sex domestic partners are eligible to apply for coverage under the Federal Long-Term Care Insurance Program.

OPM defines a same-sex domestic partnership as a committed relationship between two adults of the same sex in which the partners: (1) are each other's sole domestic partner and intend to remain so indefinitely; (2) have a common residence, and intend to continue the arrangement indefinitely; (3) are at least 18 years of age; (4) share responsibility for a significant measure of each other's financial obligations; (5) are not married to anyone else; (6) are not domestic partners of anyone else; (7) are not related in a way that, if they were of

## Benefits Continued

opposite sexes, would prohibit legal marriage in the state in which they reside; and (8) will certify they understand that willful falsification of information or documentation may lead to disciplinary action, loss of insurance coverage and/or recovery of the cost of benefits received related to such falsification, and may constitute a criminal violation under 18 U.S.C. 1001.

Both partners in a domestic partnership are eligible to apply at any time for FLTCIP coverage. In support, they must provide formal documentation or a declaration that they meet the definition of a domestic partnership. Employees and their partners should file this documentation with their agencies; annuitants with OPM. The form can be downloaded at [www.ltcfeds.com](http://www.ltcfeds.com) or at [www.opm.gov/retire/pubs/bals/2010/10-901attachment.pdf](http://www.opm.gov/retire/pubs/bals/2010/10-901attachment.pdf).

Same-sex domestic partners cannot enroll in the Federal Employees Health Benefits Program, the Federal Employees Group Life Insurance Program or Federal Employees Dental and Vision Insurance Program. However, an employee may name a domestic partner as a FEGLI life insurance beneficiary and as the beneficiary of a Thrift Savings Plan account.

*Retiree Intern Rebecca Rosman*

## Medicare House Calls

Beginning in January 2012, a Medicare demonstration project entitled "Independence at Home" will provide 10,000 of the most at-risk elderly Medicare patients with monthly at-home check-ups.

To qualify for the program, patients must be suffering from multiple chronic conditions or aggravated health problems. If home visit check-ups eliminate just one hospitalization a year for a patient, the savings would more than cover the cost of home visits for a year. Preventing major hospitalizations will save hospitals money as well.

If the demonstration project is a success, home visits may become a more central part of health care in the future.

*Retiree Intern Rebecca Rosman*

## Medicare and Preventive Care

Starting January 2011, cost will no longer be a barrier to many preventive services for Medicare consumers.

On June 25 the Centers for Medicare & Medicaid Services released a proposed rule implementing health reform to eliminate out-of-pocket costs for certain preventive services. Services such as mammograms and colorectal cancer screenings will be free to enrollees in Medicare.

The proposed rule also establishes free annual wellness visits for Medicare enrollees so that physicians can assess current and future care needs of their Medicare patients. Currently, only a one-time Welcome to Medicare Examination is fully covered.

The proposed rule invests in primary care through incentive payments to such care practitioners, and anti-fraud measures to

## Benefits Update Continued

improve accuracy of physician payments.

### Other Medicare Changes

- Reductions in federal payments to Medicare Advantage plans will begin to take place over time.
- Income thresholds for the Part B income-related premiums will be frozen at 2010 levels (\$85,000/individual, \$170,000/couple) through 2019.
- Medicare Hospital Insurance (Part A) payroll tax on earnings for higher-income taxpayers (more than \$200,000/individual and \$250,000/couple) will be increased by 0.9 percentage points from 1.45 percent to 2.35 percent, beginning in 2013.

### FEHB: Dependent Coverage

How can parents provide Federal Employees Health Benefits Plan coverage for their children who turn 22 before the rule extending coverage until age 26 goes into effect?

Children who turn 22 are automatically covered for an additional 30 days under the parent's FEHB coverage policy. During this time, families can decide to continue FEHB coverage for their adult child for up to 36 months through the Temporary Continuation of Coverage program.

Under TCC, adult children may continue their coverage by enrolling as individuals in any FEHB plan. Though there is no federal contribution toward the premium, the coverage policy is not

subject to underwriting or pre-existing condition exclusions.

Parents have 60 days from the date of the 22nd birthday of their children to notify their Human Resources Office of this event. Children have 60 days from (1) the 22nd birthday or (2) the date of the TCC notice from the Human Resources Office to request enrollment for TCC, whichever comes later.

Changes to the health care insurance for adult children will not become effective until January 2011. For more information about TCC, go to <http://www.opm.gov/insure/health/eligibility/tcc/index.asp>.

### Worried About Long Term Care?

The Federal Long Term Care Insurance Program (FLTCIP) **has raised its rates by as much as 25%**

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## For Your Information

### FEHB: Out of Network ER Visits

According to the Kaiser Family Foundation, the new health law provides that insurance companies must extend several new protections to patients who receive emergency care.

Patients who require emergency treatment will have their costs covered at the same rate regardless of whether they are treated at "in-network" or "out-of-network" hospitals.

Health plans may not require prior authorization for emergency services.

Plans follow the prudent layperson rule. If a person goes to the emergency room with chest pain but ends up being diagnosed with indigestion, the claim has to be covered because going to the hospital under those circumstances made sense.

### Unused Annual Leave, Round 2

The United States Court of Appeals has granted a second motion for class certification for retirees from agencies who did not receive adequate compensation for unused annual leave upon retirement or separation.

The seventeen agencies involved in an earlier class action suit did not include U.S. Information Agency, International Broadcasting Bureau Board and U.S. Agency for International Development retirees.

Retirees from these agencies will be included in the second case, which is in its early stages.

*(Continued on page 8)*

### Social Security: Direct Deposits

The National Consumer Law Center recently published a report concluding that the government's push for direct deposit of Social Security and other federal benefits by 2013 could expose seniors to predatory payday bank loans.

The NCLC is concerned with the practice of making high-cost, short-term loans, which are fully secured by a borrower's next direct deposit of federal funds, to Social Security recipients.

"While federal law protects Social Security and other benefits from seizure by creditors, banks regularly take those benefits as repayment for what are essentially payday loans that they have made without even assessing borrowers' ability to afford those loans," NCLC claims.

With these loans, banks profit from vulnerable and hard-pressed recipients of federal benefits, trapping them in a cycle of mounting debt and high borrowing costs." says Leah Plunkett, an attorney with the NCLC and an author of the report.

"In effect, these high-cost loans are used to hijack benefits federal law intends to provide for the basic needs of elderly and disabled citizens."

The NCLC maintains that new protections are needed to prevent the victimization of seniors and other vulnerable consumers and preserve income from Social Security and other social insurance programs that many seniors depend

## Q and As from the Department: Former Spouses, FEHB and TCC

1. When does my coverage in the FEHB Program end? Your coverage ends either when you are divorced or your marriage is annulled.
2. Do I have the right to convert to a non-group contract once my coverage ends? You will have a 31-day temporary extension of coverage (at no cost to you) for conversion to non-group (private) health insurance.
3. Do I have to elect TCC? No. You can choose to convert to non-group (private) health insurance.
4. What is the timeframe in which to apply for TCC? You must submit a completed SF-2809, Health Benefits Election Form, within 60 days of either the date of your divorce or annulment.
5. How long does the TCC coverage last? You have the right to temporarily continue your FEHB coverage for up to 36 months.
6. What plans am I eligible to enroll in? You may select any plan (for which you are eligible) under the FEHB program. You will be provided a copy of the FEHB brochure, RI 70-5, Guide to Federal Benefits for TCC and Former Spouse Enrollees/Individuals.
7. May I elect family coverage? Yes. If you choose family coverage, it will cover yourself and the children of both you and the federal employee under whose enrollment you have been covered.
8. May I elect self-only coverage. Yes, if your former spouse still carries a family enrollment you can enroll for self-only coverage.
9. How much will I have to pay for TCC? Under TCC you pay the full monthly amount of the premium (both the employee and Government shares) plus a monthly 2-percent administrative charge.
10. When does my TCC coverage begin? Your enrollment charges begin the day after the 31-day period of free coverage ends.
11. May I enroll after the 60-day period? Yes, you will be billed retroactively by the National Finance Center (NFC) to your effective date of enrollment. The NFC will expect retroactive payment

## Former Spouses, FEHB and TCC Continued

in full.

12. What happens at the end of my TCC coverage period? If you continue TCC coverage to the end of the 36-month period, you will have another 31-day temporary extension of coverage (at no cost to you) for conversion to non-group (private) insurance.

13. How do I make my premium payments? Once you are entered into the NFC system, they will mail you, within 30 days, a Notice of Enrollment letter and a coupon booklet to be used in making your monthly payments.

14. May I pay by automatic debits? If you would like to pay by automatic debit, please contact the NFC on 1(800) 242-9630.

15. How is the health insurance carrier notified? The NFC will generate a report to your carrier. Please allow five to seven days for the carrier to enter you into their system.

16. Will I get new cards? Once you are entered into their system, the carrier will mail you a new identification card.

17. How do I prove I have health insurance coverage? Until you receive your new identification card, use the Summary Letter and the copy of the certified SF-2809, provided by the Office of Retirement, to verify your coverage.

18. What if I have an emergency or a large medical expense during the processing period? If an emergency situation occurs (or there is a large amount of medical expense) contact the NFC at 1 (800) 242-9630, 8 a.m.– 4 p.m., Central Standard Time (CST), Monday through Friday.

19. What if I have not received anything from the NFC? If you do not receive any correspondence from the NFC within 60 days of your notice from the Office of Retirement, call the NFC at 1(800) 242-9630.

20. May I make changes to my enrollment? Yes. You may make changes to your enrollment during the annual FEHB open season or when an event occurs that will allow you to make a change.

21. How do I cancel my TCC enrollment? You should fax an SF-2809 to the NFC at 1(504) 426-9759, stating that you want to cancel your enrollment. Alternatively, you can fax the NFC a letter stating that you want to cancel your TCC enrollment. Please include your full name, address and Social Security number in your letter. You can also call them at 1(800) 242-9630.

22. What is the timeframe for TCC cancellations? TCC cancellations are effective on the last day of the month. If a cancellation request is received more than 15 days before the end of the month, the cancellation becomes effective at the end of that same month.

23. What is a voluntary cancellation? Termination of coverage because of nonpayment is considered a voluntary cancellation.

24. Do I get a 31-day temporary extension of coverage if I cancel my TCC? Once the cancellation takes effect, you will not be entitled to a 31-day extension of coverage for conversion to non-group (private) insurance.

## Unused Annual Leave Continued

The attorney for plaintiffs is trying to assess how many potential claimants there might be. Once this is done and procedures are established, we will disseminate this information.

If you retired from USIA, IBB or USAID between 1993 and 1999 with unused annual leave locate your final earnings and leave statement. Or, you can ask your payroll office to retrieve a copy of this statement for you. When you are sent an application by the settlement administrator, you can submit this statement in support of your claim.

**The Foreign Affairs Retirees of New England (FARNE)** will hold its fall luncheon on Friday, Sept. 10 at the Three Stallion Inn in Randolph, Vermont. The speaker will be the renowned journalist and author Tom Wicker. All retirees from foreign affairs agencies and their guests are welcome. To reserve, please contact FARNE's corresponding secretary, Elizabeth Barnett, by August 28: phone 617-232-4241, email [barnett1895@hotmail.com](mailto:barnett1895@hotmail.com)