

# Policies, Procedures, and Forms Updates

## Manuals

### ELM Revision: Special Circumstances Affecting Health Insurance Coverage

Effective September 12, 2019, the Postal Service™ is revising the *Employee and Labor Relations Manual* (ELM), sections 525.1 and 525.2, to align with updates dictated by the Office of Personnel Management (OPM).

Other revisions include updating references to the Human Resources Shared Service Center (HRSSC) and the Self Plus One enrollment option.

Although the Postal Service will incorporate these revisions into the ELM at a later date, the standards are effective immediately.

#### ***Employee and Labor Relations Manual (ELM)***

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#### **5 Employee Benefits**

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#### **520 Health Benefits Program**

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#### **525 Special Circumstances Affecting Health Insurance Coverage**

*[Revise the text of the Reference Note to read as follows:]*

**Note:** For additional information on subject matter in 525.1 and 525.2, see the Office of Personnel Management's Federal Employees Health Benefits Handbook at [opm.gov/healthcare-insurance/healthcare/reference-materials/fehb-handbook](http://opm.gov/healthcare-insurance/healthcare/reference-materials/fehb-handbook).

#### **525.1 Office of Workers' Compensation Programs**

#### **525.11 Requirements to Continue Enrollment**

#### **525.111 Employee**

*[Revise the text of 525.111 to read as follows:]*

Office of Workers' Compensation Programs (OWCP), an office within the U.S. Department of Labor, is responsible for determining employees' eligibility to continue health benefits enrollment if employees are receiving workers' compensation. The following rules apply:

a. Employees' health benefits enrollment (and coverage of family members under a family enrollment), as well as enrollment of surviving beneficiaries, continue if employees enter on the compensation rolls of the OWCP, provided they meet the following requirements, according to the U.S. Department of Labor:

- (1) The employee is receiving compensation (which OWCP determines).
- (2) The employee is unable to return to duty (which OWCP determines).

b. If the employee meets the requirements under 525.111a, while receiving compensation, the employee may continue enrollment during the first 365 days of leave without pay (LWOP). After that period, the employee must meet participation requirements for continuing enrollment after retirement: continuous enrollment (or coverage as a family member) in any FEHB plan(s) for the 5 years of service immediately before the date compensation starts, or for the full period(s) of service since the employee's first opportunity to enroll (if less than 5 years).

**Example:** An enrollee was for a time covered as a family member under the Uniformed Services Health Benefits Program.

## **525.112 Survivor**

*[Revise the text of 525.112 to read as follows:]*

Enrollment of a deceased employee continues for surviving family members if the following requirements are met:

- a. The deceased employee was enrolled in Self Plus One or Self and Family at the time of death.
- b. At least one of the covered family members receives compensation as a surviving beneficiary under the Federal Employees' Compensation Act.

OWCP determines whether any survivors are eligible and wish to continue the enrollment, and continues or terminates the enrollment as appropriate. If survivors elect to receive survivor annuity in lieu of compensation, OWCP transfers the enrollment to the Office of Personnel Management (OPM) for processing.

## **525.12 Transfer of Enrollment**

### **525.121 Transfer to OWCP**

*[Revise the text of 525.121 to read as follows:]*

HRSSC transfers an employee's enrollment to OWCP when one of the following occurs:

- a. OWCP requests the transfer;
- b. The employee has been on leave for 10 consecutive months without pay status, and OWCP has not requested transfer; or
- c. The employee separates from service before OWCP requests the transfer.

Until the enrollment transfers, the Postal Service treats the employee receiving compensation, but no salary, as any other employee in nonpay status, for health benefits purposes. Enrollment continues up to and including 365 days. Then HRSSC terminates enrollment if the employee is not eligible to be transferred to OWCP.

### **525.122 Transfer Back to Employing Office**

*[Revise the text of 525.122 to read as follows:]*

When an employee who transferred to OWCP returns to pay status, OWCP transfers the employee's enrollment to the employing office. OWCP will transfer the enrollment by letter, transmitting the health benefits documentation and providing the date compensation ended.

If the employee is eligible for continued coverage, the enrollment transfer will include a completed SF 2810, *Notice of Change in Health Benefits Enrollment*. The effective date

of the transfer is the day after compensation terminated. If the employee is not eligible for continued coverage, HRSSC will complete a SF 2810, terminating the enrollment effective on the date that compensation ended.

### **525.13 Withholding and Contribution by OWCP**

#### **525.131 Effective Dates**

*[Revise the text of 525.131 to read as follows:]*

Whether or not OWCP requests enrollment transfer, OWCP makes health benefits withholdings and contributions from the date compensation began, or the date following that on which the employing office withholdings and contributions ceased, whichever is later. OWCP makes no withholdings or contributions when an employee receives compensation for less than 29 days.

However, the employee is still responsible for payment of the premiums. Withholdings and contributions cease when an enrollment is terminated because the person has been in nonpay status for 365 days. After that period, the employee is not eligible to continue enrollment.

#### **525.132 Health Benefits Refund Program**

*[Revise the text of 525.132 to read as follows:]*

The following provisions apply:

a. *Explanation.* The Health Benefits Refund Program is designed to reimburse injured employees for an overdeduction of health benefits premiums by the OWCP. For the first year of compensable disability, OWCP deducts health benefits premiums at the Postal Service rate. Thereafter, the deduction is made at the standard rate that the Office of Personnel Management (OPM) applies for federal employees.

The OPM premium rate may be higher than the Postal Service rate. Therefore, Postal Service employees enrolled in a health benefits plan and who are in LWOP status for over 1 year and also receiving OWCP compensation may be due a refund for overdeduction of health benefits premiums.

b. *Eligibility for Refund.* To be eligible for a health benefits refund, the employee must meet *all of the following criteria for the period of compensable disability*:

(1) The employee must be in a LWOP or injury-on-duty status. Employees who are separated from the Postal Service are not eligible.

(2) The employee must receive OWCP compensation payments with health benefits premiums deducted at the OPM rate.

(3) At least 1 year must have elapsed since the U.S. Department of Labor initially placed the employee on OWCP compensation.

c. *Verification of Eligibility.* The Postal Service uses the Injury Compensation Performance Analysis System (ICPAS) Health Benefits Report to verify information in a completed PS Form 202, *Health Benefits Refund Payment Authorization*.

d. *Refunds.* After verifying an employee's eligibility, Health and Resource Management (HRM) must take the following steps to process the refund:

(1) Initiate quarterly a PS Form 202, *Health Benefits Refund Payment Authorization* (see Exhibit 525.132). In calculating the amount of refund to be paid,

ICPAS will subtract the difference between the OPM health benefits premium rate and the Postal Service rate of the health benefits plan that the employee chose.

(2) Print the PS Form 202, verify the information, and obtain the district manager's or designee's approval.

(3) Complete PS Form 2551, *Non-Goods and Services*, using the current online process.

(4) Submit completed PS Forms 2551 and 202 for payment to the Eagan Accounting Service Center, using General Ledger Account (GLA) 51209, *H.B. Premiums — Workers Comp Claimants*.

(5) File the original PS Form 202 in the employee's "Injury Compensation" file and send one copy to the employee.

(6) The Eagan Accounting Service Center will forward the refund to the employee.

Exhibit 525.132

**PS Form 202, Health Benefits Refund Payment Authorization**

*[Revise PS Form 202 under Exhibit 525.132 to read as follows:]*

**Health Benefits Refund Payment Authorization**

|  |  |
|--|--|
| <b>INSTRUCTIONS</b>  | U. S. Postal Service                     |
| This is to authorize payment to this employee for refund due on excess withholding on health benefits premium from the OWCP compensation payments. |  |
| Name (Employee/Applicant)  | Social Security No.                      |
| Address (City, State, ZIP+4)   | District                                 |
| Health Benefits Code   | Finance No.                              |
| Periods Covered  | Amount to be paid                        |
| (Office Use Only)  | Signature of Authorizing Official        |
|  | Approval by District Manager or Designee |

**Form 202 August 2009**

**cc: HEALTH & RESOURCE MANAGEMENT  
FINANCE  
EMPLOYEE**

*[Revise the title of 525.14 to read as follows:]*

**525.14 Procedures for Continuing Enrollment**

**525.141 Reporting to OWCP**

*[Revise the text of 525.141 to read as follows:]*

When reporting the compensable injury or illness on OWCP Form CA-7, *Claim for Compensation*, HRM will certify whether the employee was enrolled in a health benefits plan on the date pay stopped, and provide the health plan enrollment code. OWCP requires no documentation of this certification to accompany the CA-7.

**525.142 Eligibility for Transfer**

*[Revise the text of 525.142 to read as follows:]*

If OWCP determines that the employee's compensation will continue for at least 6 months, and the employee meets the eligibility requirements for continuation (see 525.111), OWCP will typically request that the enrollment be transferred to OWCP. HRSSC issues a "Transfer of FEHB Enrollment to OWCP" to accomplish the transfer (see Exhibit 525.142).

If the employee is receiving compensation, enrollment may continue during the first 365 days of leave without pay status. After that period, the employee must meet participation requirements for continuing an enrollment after retirement. The employee must meet the requirements as of the date compensation began. OWCP is responsible for determining eligibility.

Exhibit

525.142

### **Transfer of FEHB Enrollment to OWCP**

\* \* \* \* \*

*[Revise the first and second sentence in the second paragraph of Exhibit 525.142 to read as follows:]*

Attached are the employee's health benefits enrollment documents that this agency is forwarding to OWCP as specified in the Office of Personnel Management's (OPM) Federal Employees Health Benefits Handbook. The documents include copies of every SF 2809 and SF 2810 in the employee's official personnel folder, beginning with the date of his or her initial enrollment in the FEHB Program, together with any related documentation (such as medical documentation for a disabled child age 26 or older) and the PostalEASE FEHB History Report for the employee.\*\*\*

\* \* \* \* \*

The reason for this action is:

*[Revise the response text in Exhibit 525.142 to read as follows:]*

This employee is separating (or has separated) on [\_\_date\_\_].

This employee has been in a Leave Without Pay (LWOP) status for more than 30 days and is receiving OWCP payments.

This employee will complete 365 days in nonpay status on [\_\_date\_\_].

\* \* \* \* \*

### **525.143 Pending OWCP's Request for Transfer**

*[Revise the text of 525.143 to read as follows:]*

If the total disability period is less than 29 days, the Postal Service requires no enrollment transfer. If the total disability period is more than 29 days, USPS takes whichever of the following actions is necessary and appropriate:

a. If the employee is separated, HRSSC must obtain documentation from OWCP to verify that compensation will continue. If so, HRSSC issues a "Transfer of FEHB Enrollment to OWCP" to make the transfer.

b. If the employee makes any permissible change in enrollment, HRSSC must notify OWCP by letter as soon as possible of the change and its effective date.

c. If the enrollment has been transferred to OWCP and the employee subsequently is separated, HRSSC must notify OWCP by letter of the separation so that OWCP knows how to dispose of the enrollment if compensation payments cease.

### **525.144 Employee Not Eligible to Continue**

*[Revise the text of 525.144 to read as follows:]*

If an employee who is enrolled is not eligible to continue the enrollment with OWCP, the Postal Service takes whichever of the following actions is necessary and appropriate:

- a. If the employee is separated, the enrollment is terminated via SF 2810.
- b. If the employee remains on the agency's rolls in nonpay status, the employee may continue enrollment for the first 365 days of nonpay status. (OWCP makes deductions as stated in 525.13.) At the end of the 365 days in continuous nonpay status, the Eagan Accounting Service Center (ASC) issues SF 2810.
- c. If an employee not enrolled in health benefits applies for compensation, HRM will certify the employee was not enrolled in health benefits on the date pay stopped, and U.S. Department of Labor will process the compensation claim as usual.

*[Revise the title and second sentence of 525.145 to read as follows:]*

### **525.145 OWCP Determines Employee Is Not Eligible**

\*\*\*If the employee remains on the agency rolls in nonpay status, the enrollment continues up to and including 365 days.\*\*\*

### **525.146 On LWOP 10 Months, But Enrollment Not Transferred**

*[Revise the text of 525.146 to read as follows:]*

The following provisions apply if an employee is on leave without pay (LWOP), but the HRSSC did not transfer his or her enrollment to OWCP:

- a. If the employee has been enrolled in nonpay status for 10 months, HRSSC contacts the appropriate OWCP office to determine action to take on the enrollment before day 365 of the employee's continuous nonpay status.
- b. If OWCP determines that the employee is not eligible to continue enrollment, the Eagan ASC issues SF 2810, effective the last day of the pay period that includes day 365 of continuous nonpay status.
- c. If OWCP has been making withholdings and does not expect to terminate compensation before day 365 of continuous nonpay status, HRSSC issues a "Transfer of FEHB Enrollment to OWCP" to transfer the enrollment to OWCP (see Exhibit 525.142).
- d. If OWCP has been making withholdings, but expects to terminate compensation before day 365 of continuous nonpay status, HRSSC takes no health benefits action at that time. However, HRSSC must check on the case again before day 365 of continuous nonpay status. If compensation will not terminate by day 365, HRSSC issues a "Transfer of FEHB Enrollment to OWCP" to transfer the enrollment to OWCP.

### **525.147 OWCP Terminates Compensation**

*[Revise the text of 525.147 to read as follows:]*

If OWCP terminates compensation of an employee who meets the requirements in 525.111, but the employee does not return to pay status, the enrollment terminates at midnight on the last day of the pay period in which the employee's compensation terminates, even if the employee has not been on LWOP for 365 days.

### **525.148 Employee Returns to Duty**

*[Revise the text of 525.148 to read as follows:]*

The following provisions apply if an employee receiving compensation returns to duty:

- a. HRM will notify OWCP of the return-to-work date.
- b. If HRSSC did not transfer the enrollment to OWCP, OWCP discontinues withholdings and contributions at the beginning of the pay period in which the employee returned to work. The employing office resumes withholdings and contributions beginning on that date.
- c. If HRSSC transferred enrollment to OWCP, OWCP transfers the enrollment to HRSSC.

### **525.149 Employee Elects Retirement**

*[Revise the text of 525.149 to read as follows:]*

If an employee whose enrollment has been transferred to OWCP elects to retire and to receive annuity in lieu of compensation, the Office of Personnel Management (OPM) will request OWCP transfer the enrollment to OPM. If the employee is still on the agency's rolls in a nonpay status, the Eagan ASC notes in "Remarks" of SF 2806, *Individual Retirement Record*, that "Health benefits enrollment transferred to OWCP," and sends the form to OPM.

### **525.2 Employees in Nonpay Status**

*[Delete the Reference Note in its entirety.]*

*[Revise the title and text of 525.21 to read as follows:]*

#### **525.21 Enrollment Limit of 365 Days**

While an employee is in nonpay status, the enrollment of the employee continues for up to and including 365 consecutive days if the employee elects to continue enrollment, except as provided in 525.23. This limitation also applies to suspended employees awaiting decision of an appeal of a removal action, as well as to employees awaiting an OPM decision on an application for disability retirement.

If an employee returns to pay status for at least 4 consecutive months (any 4-month period during which the employee is in pay status for at least part of each pay period) after a period of nonpay status, the employee is entitled to begin a new period of 365 consecutive days of continued enrollment.

#### **525.22 Payment Required for Periods of Nonpay Status**

##### **525.221 Responsibility**

*[Revise the last sentence of 525.221 to read as follows:]*

\*\*\*Employees who consent to the enrollment's continuation for a period of time without such withholding from salary are consenting to the recovery of the full amount due.

*[Revise the title and text of 525.222 to read as follows:]*

##### **525.222 Human Resources Shared Service Center (HRSSC) Procedures**

The Human Resources Shared Service Center (HRSSC) acts as follows:

- a. As soon as the Postal Service determines that an employee will be in a nonpay status, HRSSC notifies the employee of the option to continue or terminate Federal Employees Health Benefits (FEHB) coverage. HRSSC uses PS Form 3111, *Federal*

*Employees Health Benefits (FEHB) Coverage or Termination While in Leave Without Pay (LWOP) Status*, which is on the Postal Service Intranet, for this purpose.

b. HRSSC deems the employee will receive the notice and return envelope, if mailed, by 5 days after the date of the notice. HRSSC keeps a dated copy of the notice in the employee's electronic official personnel folder (eOPF). When the employee returns the notice with the signature as requested, HRSSC files the signed notice as a permanent record in the eOPF. HRSSC deems the date stamped as received to be the date the employee returned the notice to HRSSC.

c. If the employee requests additional information or requests to cancel enrollment, HRSSC must ensure that the employee is provided as soon as possible with the appropriate forms and information, including the PostalEASE FEHB Worksheet and the Web address of the Postal Service *LiteBlue* website.

d. If the employee elects to terminate enrollment, HRSSC must complete a SF 2810 to terminate enrollment. HRSSC includes the following statement in the remarks section: "Per PS Form 3111 received, the employee elected to terminate FEHB enrollment effective the last pay period in which the employee received pay."

e. If the employee fails to sign and return the written notice, the enrollment continues, and USPS expects the employee to pay his or her portion of the premiums due.

*[Revise the title and text of 525.223 to read as follows:]*

#### **525.223 Procedures for Employee**

The employee acts as follows:

a. The employee must acknowledge receipt of PS Form 3111 and complete, sign, and return the form to HRSSC.

b. Employees who do not wish to incur indebtedness or liability for the health benefits premiums must choose to cancel or terminate the enrollment.

c. Employees who elect to continue coverage during LWOP may either pay health benefits premiums as invoiced or incur a debt as provided in 525.221.

#### **525.23 Employee Granted LWOP to Serve in Employee Organization**

##### **525.231 Policy**

*[Revise the text of 525.231 to read as follows:]*

Employees granted leave without pay to serve as a full-time officer or employee of an employee organization composed primarily of federal or Postal Service employees may elect, within 60 days, to continue health benefits coverage for as long as the employee is in this LWOP status. The employee must file the election with HRSSC within 60 days after the LWOP begins.

*[Revise the title and text of 525.232 to read as follows:]*

##### **525.232 HRSSC Procedures**

HRSSC acts as follows:

a. As soon as the Postal Service authorizes LWOP, HRSSC notifies the employee of the right to elect to continue or discontinue health coverage. The employee's election must be in writing.

b. If, within 60 days after being contacted, the employee does not make an election, HRSSC documents all action taken. HRSSC considers failure to make an election an election to discontinue the insurance. HRSSC files a copy of the election (or HRSSC's documentation) in the employee's eOPF.

*[Revise the title and text of 525.233 to read as follows:]*

### **525.233 Procedures for Employee**

The employee acts as follows:

a. Employees who elect to continue health insurance coverage must file the election with HRSSC within 60 days after LWOP begins. The employee pays (or arranges to pay) on a current basis both the employee withholding and the Postal Service contributions from the beginning of the LWOP period. The organization and the Eagan Accounting Service Center (ASC) arranges this.

b. If the employee elects to discontinue health benefits coverage, the Postal Service requires the employee to initiate a PostalEASE FEHB Worksheet to cancel the enrollment.

### **525.24 Enrolled Employee in Nonpay Status Accepts Temporary Appointment**

*[Revise the text of 525.24 to read as follows:]*

The first employing office of employees who accept a temporary position and whose enrollment continues because they are on LWOP from their position transfers the enrollment to the second employing office.

If the employee is still enrolled and in LWOP status in the first position when the employment in the second position terminates, the second employing office transfers enrollment to the first employing office. The first employing office then follows the rules in 525.21 to determine the remaining length of time that the employee is entitled to continue coverage while in nonpay status.

If, when the temporary appointment expires, the employee is not then in the first position as an employee, the second employing office terminates the enrollment. The two employing offices coordinate these actions to ensure timely withholdings and contributions. If appropriate, the employing office that first becomes aware of the situation contacts the other employing office to arrange enrollment transfer.

### **525.25 Employee in Nonpay Status Pending Removal**

*[Revise the text of 525.25 to read as follows:]*

The enrollment of an employee who the Postal Service placed in nonpay status pending a decision of an appeal of a removal action continues for up to and including 365 consecutive days, provided the employee agrees to pay the required premiums (see 525.22).

### **525.251 Removal Upheld**

*[Revise the text of 525.251 to read as follows:]*

If the appeal process upholds the removal, the Postal Service terminates the enrollment at the end of the pay period in which the decision is rendered or at the end of the 365 days, whichever occurs first.

## 525.252 Restored to Duty

[Revise the text of 525.252 to read as follows:]

If USPS terminates the employee's enrollment due to cancellation or after 365 consecutive days of nonpay status, and the employee is subsequently ordered restored to duty on the grounds that the removal was unwarranted or unjustified, the employee may elect either to have the prior enrollment reinstated retroactive to the date it was terminated or to enroll in the plan and option of the employee's choice, the same as a new employee:

a. *Reinstatement of Enrollment.* If the employee elects to have the prior enrollment reinstated retroactively, withholdings and contributions are also made retroactively just as though the erroneous removal had not taken place. USPS considers the employee's health benefits coverage to have been continuously in effect, and the employee and any covered family members are retroactively entitled to the full benefits of the plan.

b. *New Enrollment.* If the employee elects a new enrollment, the enrollment is effective as stated in 524.64. The employee is not retroactively entitled to benefits from the plan, and no retroactive withholdings or contributions are made. The Postal Service does *not* consider the period of removal during which the enrollment was not in effect as an interruption to continuous enrollment, for purposes of continuing enrollment after retirement, provided the employee enrolls within 60 days after the date ordered restored to duty.

\* \* \* \* \*

The Postal Service will incorporate these revisions into the next edition of the online ELM, which is available on the Postal Service PolicyNet website:

- Go to [blue.usps.gov](http://blue.usps.gov).
- In the left-hand column under "Essential Links," click *PolicyNet*.
- Go to the right-hand side under "Published Forms and Directives."
- Click *Manuals*.

The direct URL for the Postal Service PolicyNet website is [blue.usps.gov/cpim](http://blue.usps.gov/cpim).

— *Compensation and Benefits,  
Human Resources, 9-12-19*