

DoD HR 2002



*HR Worldwide –
Leading the Charge*

BENEFITS UPDATE

Johnny L. McLean

CPMS

TOPICS



*HR Worldwide –
Leading the Charge*

- Federal Long Term Care Insurance (FLTCI) Program
- Federal Erroneous Retirement Coverage Corrections Act (FERCCA)
- OPM's Retirement Systems Modernization Initiative
- Federal Flexible (FedFlex) Benefit Plan
- Federal Employees Health Benefits - Premium Conversion
- Flexible Spending Accounts
- Cafeteria Style Benefits

Why Long Term Care Insurance?



*HR Worldwide –
Leading the Charge*

- Aging of the Baby Boomers
- Need for Care and Care-giving
- Funding for Long Term Care
- Lack of Preparedness for Long Term Care Needs

Federal Long Term Care Insurance Open Season



*HR Worldwide –
Leading the Charge*

July 1 – December 31, 2002

- Component Open Season announcement
- Open season kit
- Open season application (completed and returned)
- Abbreviated underwriting
- Program Educational Meetings
- Tools

Federal Long Term Care Insurance



*HR Worldwide –
Leading the Charge*

Comparison between FLTCI Program and Private Plan Annual Cost

Connecticut	\$1387.00
New York	\$1387.00
Indiana	\$1095.00
California	\$949.00
FLTCP	\$1566.00

Federal Erroneous Retirement Coverage Corrections Act



*HR Worldwide –
Leading the Charge*

What is
FERCCA?

A new law that changes the rules for correcting errors in retirement coverage for some Federal employees.

What does
FERCA do?

It helps individuals who experienced long-term harm because of a mistake in retirement coverage.

Federal Erroneous Retirement Coverage Corrections Act



HR Worldwide –
Leading the Charge

Who can get relief under
FERCCA?

Retirees

Current employees

Separated employees

Survivors

Those who were in the wrong retirement plan for at least 3 years of service after December 31, 1986.

Federal Erroneous Retirement Coverage Corrections Act



*HR Worldwide –
Leading the Charge*

What does FERCCA change?

There are 6 key provisions

What does FERCCA change?



*HR Worldwide –
Leading the Charge*

Six key provisions:

- It gives some individuals a choice about which retirement plan they will be in.
- It allows OPM to reimburse individuals who incurred expenses because of the retirement coverage error.
- TSP rules modified to accept error corrections.
- Employee retirement deductions, and Social Security taxes may be paid by the employing agency for service prior to the last three years.
- Service credit deposit rules revised.

FERCCA Database (4/15/2002)



*HR Worldwide –
Leading the Charge*

Total	7,810
Current Employees	5,829
Annuitants	1,574
Separated Employees	107

Note: Final eligibility decisions made on 3,100 of total

FERCCA Database



*HR Worldwide –
Leading the Charge*

DoD Profile (As of 06/18/2002)

	<u>Total</u>	<u>Current</u>	<u>Separated</u>
DoD	526	486	40
Navy	550	515	35
Air Force	338	327	11
Army	335	326	29
Grand			
Totals	1,749	1,654	115

Retirement Systems Modernization Initiative



HR Worldwide –
Leading the Charge

Vision Statement

Retirement Systems Modernization is a strategic initiative to rethink, reevaluate and ultimately reengineer the various processes that support and provide services to CSRS and FERS program participants.

Components of the Retirement Systems

Modernization (RSM) Initiative



*HR Worldwide –
Leading the Charge*

1. Program-wide Data Planning

- Request bids from contractors
- Completion in 5-7 years
- Provide access to employee records (24/7)

2. Benefits Calculator

- Standardized tool (OPM and agency use)
- Pilot agency

3. Coverage Determination Application

- RSM Program-wide Tool using data stored in RDR
- Tool determines:
 - the appropriate Retirement Program coverage(e.g., CSRS, FERS, or CSRS offset).
 - eligibility to make deposit, re-deposits, or voluntary contributions.
 - revalidates coverage whenever employee status dictates

Components of the Retirement Systems

Modernization (RSM) Initiative



*HR Worldwide –
Leading the Charge*

First release implemented and tested by DoD the end of 2001

2nd release will be field tested by a large group of DoD users

Enhancement and modifications to Release 2 of the CDA will be designed and implemented in Release 3.

Release 3 of the CDA will be implemented throughout Federal agencies beginning in 2003.

The Federal Flexible Benefits Plan (FedFlex)



*HR Worldwide –
Leading the Charge*

What is FedFlex?

What benefits does FedFlex offer?

- Federal Employees Health Benefits Premium Conversion
- Flexible Spending Accounts
 - Health care expenses
 - Dependent care expenses



Implications of IRS 125

- Health benefits premiums deducted pre-tax
- Provisions lower employees' Federal tax, Social Security and Medicare tax and, in some cases, state tax
- Health benefits premium conversion applies to salary only
- Retirees are not eligible for this option
- Coverage changes are limited to qualifying life events

Flexible Spending Account (FSA)



*HR Worldwide –
Leading the Charge*

What is a flexible spending account (FSA)?

FSA is a tax benefit that allows an employee to withhold salary amounts that can later be used to reimburse for medical care expenses not covered by the medical plan (FEHB, in our case); dependent-care costs; or other qualifying expenses. The amounts withheld are not subject to taxation, just like premium conversion.

When will flexible spending accounts be available to Federal employees?

The target rollout for this initiative is Summer 2003. OPM currently has the authority under the FedFlex Plan.

Where is OPM currently with this initiative?

First step is to select a third party to administer claim reimbursements. Once that's done, operating procedures will be written.

Cafeteria Benefits



*HR Worldwide –
Leading the Charge*

Menu

Health Insurance

Life Insurance

Dependent Care

Long Term Care Insurance

Flexible Spending Accounts

Financial Counseling

Disability Insurance

Dental Care

Vision Benefits

Prescription Coverage

Legal Insurance