

103^D CONGRESS
2^D SESSION

H. R. 512

IN THE SENATE OF THE UNITED STATES

JULY 20, 1994

Received; read twice and referred to the Committee on Governmental Affairs

A ACT

To amend chapter 87 of title 5, United States Code, to provide that group life insurance benefits under such chapter may, upon application, be paid out to an insured individual who is terminally ill, 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 “FEGLI Living
5 Benefits Act”.

6 **SEC. 2. OPTION TO RECEIVE “LIVING BENEFITS”.**

7 (a) IN GENERAL.—Chapter 87 of title 5, United
8 States Code, is amended by inserting after section 8714c
9 the following:

1 **“§8714d. Option to receive ‘living benefits’**

2 “(a) For the purpose of this section, an individual
3 shall be considered to be ‘terminally ill’ if such individual
4 has a medical prognosis that such individual’s life expect-
5 ancy is 9 months or less.

6 “(b) The Office of Personnel Management shall pre-
7 scribe regulations under which any individual covered by
8 group life insurance under section 8704(a) may, if such
9 individual is terminally ill, elect to receive a lump-sum
10 payment equal to—

11 “(1) the full amount of insurance under section
12 8704(a) (or portion thereof designated for this pur-
13 pose under subsection (d)(4)) which would otherwise
14 be payable under this chapter (on the establishment
15 of a valid claim)—

16 “(A) computed based on a date determined
17 under regulations of the Office (but not later
18 than 30 days after the date on which the indi-
19 vidual’s application for benefits under this sec-
20 tion is approved or deemed approved under sub-
21 section (d)(3)); and

22 “(B) assuming continued coverage under
23 this chapter at that time;
24 reduced by

1 “(2) an amount necessary to assure that there
2 is no increase in the actuarial value of the benefit
3 paid (as determined under regulations of the Office).

4 “(c)(1) If a lump-sum payment is taken under this
5 section—

6 “(A) no insurance under the provisions of sec-
7 tion 8704 (a) or (b) shall be payable based on the
8 death or any loss of the individual involved, unless
9 the lump-sum payment represents only a portion of
10 the total benefits which could have been taken, in
11 which case benefits under those provisions shall re-
12 main in effect, except that the basic insurance
13 amount on which they are based—

14 “(i) shall be reduced by the percentage
15 which the designated portion comprised relative
16 to the total benefits which could have been
17 taken (rounding the result to the nearest mul-
18 tiple of \$1,000 or, if midway between multiples
19 of \$1,000, to the next higher multiple of
20 \$1,000); and

21 “(ii) shall not be subject to further adjust-
22 ment; and

23 “(B) deductions and withholdings under section
24 8707, and contributions under section 8708, shall be
25 terminated with respect to such individual (or re-

1 duced in a manner consistent with the percentage
2 reduction in the individual's basic insurance amount,
3 if applicable), effective with respect to any amounts
4 which would otherwise become due on or after the
5 date of payment under this section.

6 “(2) An individual who takes a lump-sum payment
7 under this section (whether full or partial) remains eligible
8 for optional benefits under sections 8714a–8714c (subject
9 to payment of the full cost of those benefits in accordance
10 with applicable provisions of the section or sections in-
11 volved, to the same extent as if no election under this sec-
12 tion had been made).

13 “(d)(1) The Office's regulations shall include provi-
14 sions regarding the form and manner in which an applica-
15 tion under this section shall be made and the procedures
16 in accordance with which any such application shall be
17 considered.

18 “(2) An application shall not be considered to be com-
19 plete unless it includes such information and supporting
20 evidence as the regulations require, including certification
21 by an appropriate medical authority as to the nature of
22 the individual's illness and that the individual is not ex-
23 pected to live more than 9 months because of that illness.

24 “(3)(A) In order to ascertain the reliability of any
25 medical opinion or finding submitted as part of an applica-

1 tion under this section, the covered individual may be re-
2 quired to submit to a medical examination under the direc-
3 tion of the agency or entity considering the application.
4 The individual shall not be liable for the costs associated
5 with any examination required under this subparagraph.

6 “(B) Any decision by the reviewing agency or entity
7 with respect to an application for benefits under this sec-
8 tion (including one relating to an individual’s medical
9 prognosis) shall not be subject to administrative review.

10 “(4)(A) An individual making an election under this
11 section may designate that only a limited portion (ex-
12 pressed as a multiple of \$1,000) of the total amount other-
13 wise allowable under this section be paid pursuant to such
14 election.

15 “(B) A designation under this paragraph may not be
16 made by an individual described in paragraph (1) or (2)
17 of section 8706(b).

18 “(5) An election to receive benefits under this section
19 shall be irrevocable, and not more than one such election
20 may be made by any individual.

21 “(6) The regulations shall include provisions to ad-
22 dress the question of how to apply section 8706(b)(3)(B)
23 in the case of an electing individual who has attained 65
24 years of age.”.

1 (b) TABLE OF SECTIONS.—The table of sections for
2 chapter 87 of title 5, United States Code, is amended by
3 inserting after the item relating to section 8714c the
4 following:

“8714d. Option to receive ‘living benefits’.”.

5 **SEC. 3. EFFECTIVE DATE; OPEN SEASON AND NOTICE.**

6 (a) EFFECTIVE DATE.—The amendments made by
7 section 2 shall take effect 9 months after the date of the
8 enactment of this Act.

9 (b) OPEN SEASON; NOTICE.—(1) The Office of Per-
10 sonnel Management shall prescribe regulations under
11 which, beginning not later than 9 months after the date
12 of the enactment of this Act, and over a period of not
13 less than 8 weeks—

14 (A) an employee (as defined by section 8701(a)
15 of title 5, United States Code) who declined or vol-
16 untarily terminated coverage under chapter 87 of
17 such title—

18 (i) may elect to begin, or to resume, group
19 life insurance and group accidental death and
20 dismemberment insurance; and

21 (ii) may make such other elections under
22 such chapter as the Office may allow; and

23 (B) such other elections as the Office allows
24 may be made.

