

Union Calendar No. 333

103D CONGRESS
2D SESSION

H. R. 512

[Report No. 103-608]

A BILL

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.

JULY 18, 1994

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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IN THE HOUSE OF REPRESENTATIVES

JANUARY 21, 1993

Mr. GILMAN introduced the following bill; which was referred to the Committee on Post Office and Civil Service

JULY 18, 1994

Additional sponsors: Mr. ENGEL, Mr. DORNAN, Mr. EMERSON, Mrs. MORELLA, Miss COLLINS of Michigan, Mr. FISH, Mr. FROST, Mr. HYDE, Mr. LEWIS of Florida, Mr. COLLINS of Georgia, Mr. JOHNSON of South Dakota, Mr. HINCHEY, Mr. NADLER, Mr. FRANK of Massachusetts, Ms. PELOSI, Mr. REYNOLDS, Mr. FALEOMAVAEGA, Mr. GENE GREEN of Texas, Mr. MYERS of Indiana, Mr. FOGLIETTA, Ms. FURSE, and Mr. FINGERHUT

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[Insert the part printed in italic]

A BILL

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:

10 **“§8714d. Option to receive ‘living benefits’**

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

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

20 “(1) the full amount of insurance under section
21 8704(a) (or portion thereof designated for this pur-
22 pose under subsection (d)(4)) which would otherwise
23 be payable under this chapter (on the establishment
24 of a valid claim)—

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

7 “(B) assuming continued coverage under
8 this chapter at that time;
9 reduced by

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

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

15 “(A) no insurance under the provisions of sec-
16 tion 8704 (a) or (b) shall be payable based on the
17 death or any loss of the individual involved, unless
18 the lump-sum payment represents only a portion of
19 the total benefits which could have been taken, in
20 which case benefits under those provisions shall re-
21 main in effect, except that the basic insurance
22 amount on which they are based—

23 “(i) shall be reduced by the percentage
24 which the designated portion comprised relative
25 to the total benefits which could have been

1 taken (rounding the result to the nearest mul-
2 tiple of \$1,000 or, if midway between multiples
3 of \$1,000, to the next higher multiple of
4 \$1,000); and

5 “(ii) shall not be subject to further adjust-
6 ment; and

7 “(B) deductions and withholdings under section
8 8707, and contributions under section 8708, shall be
9 terminated with respect to such individual (or re-
10 duced in a manner consistent with the percentage
11 reduction in the individual’s basic insurance amount,
12 if applicable), effective with respect to any amounts
13 which would otherwise become due on or after the
14 date of payment under this section.

15 “(2) An individual who takes a lump-sum payment
16 under this section (whether full or partial) remains eligible
17 for optional benefits under sections 8714a–8714c (subject
18 to payment of the full cost of those benefits in accordance
19 with applicable provisions of the section or sections in-
20 volved, to the same extent as if no election under this sec-
21 tion had been made).

22 “(d)(1) The Office’s regulations shall include provi-
23 sions regarding the form and manner in which an applica-
24 tion under this section shall be made and the procedures

1 in accordance with which any such application shall be
2 considered.

3 “(2) An application shall not be considered to be com-
4 plete unless it includes such information and supporting
5 evidence as the regulations require, including certification
6 by an appropriate medical authority as to the nature of
7 the individual’s illness and that the individual is not ex-
8 pected to live more than 9 months because of that illness.

9 “(3)(A) In order to ascertain the reliability of any
10 medical opinion or finding submitted as part of an applica-
11 tion under this section, the covered individual may be re-
12 quired to submit to a medical examination under the direc-
13 tion of the agency or entity considering the application.
14 The individual shall not be liable for the costs associated
15 with any examination required under this subparagraph.

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

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

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

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

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

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

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

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

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

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

24 (A) an employee (as defined by section 8701(a)
25 of title 5, United States Code) who declined or vol-

1 untarily terminated coverage under chapter 87 of
2 such title—

3 (i) may elect to begin, or to resume, group
4 life insurance and group accidental death and
5 dismemberment insurance; and

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

8 (B) such other elections as the Office allows
9 may be made.

10 (2) The Office shall take such action as may be nec-
11 essary to ensure that employees and any other individuals
12 who would be eligible to make an election under this sub-
13 section are afforded advance notification to that effect.

14 **SEC. 4. FUNDING.**

15 *Notwithstanding section 8714(a)(1) of title 5, United*
16 *States Code, the Office of Personnel Management shall re-*
17 *tain in the Employees' Life Insurance Fund such portion*
18 *of premium payments otherwise due as will, no later than*
19 *September 30, 1995, permanently reduce the contingency*
20 *reserve established under the third sentence of section 8712*
21 *of such title 5 by an amount equal to the amount by which*
22 *payments from the Employees' Life Insurance Fund during*
23 *the fiscal year ending September 30, 1995, exceed the pay-*
24 *ments that would have been paid had the amendments made*
25 *by this Act not been enacted.*