

H. R. 512

AN 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:

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.

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

6 “(1) the full amount of insurance under section
7 8704(a) (or portion thereof designated for this pur-
8 pose under subsection (d)(4)) which would otherwise
9 be payable under this chapter (on the establishment
10 of a valid claim)—

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

17 “(B) assuming continued coverage under
18 this chapter at that time;

19 reduced by

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

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

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

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

16 “(ii) shall not be subject to further adjust-
17 ment; and

18 “(B) deductions and withholdings under section
19 8707, and contributions under section 8708, shall be
20 terminated with respect to such individual (or re-
21 duced in a manner consistent with the percentage
22 reduction in the individual’s basic insurance amount,
23 if applicable), effective with respect to any amounts
24 which would otherwise become due on or after the
25 date of payment under this section.

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

8 “(d)(1) The Office’s regulations shall include provi-
9 sions regarding the form and manner in which an applica-
10 tion under this section shall be made and the procedures
11 in accordance with which any such application shall be
12 considered.

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

19 “(3)(A) In order to ascertain the reliability of any
20 medical opinion or finding submitted as part of an applica-
21 tion under this section, the covered individual may be re-
22 quired to submit to a medical examination under the direc-
23 tion of the agency or entity considering the application.
24 The individual shall not be liable for the costs associated
25 with any examination required under this subparagraph.

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

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

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

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

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

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

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

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

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

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

10 (A) an employee (as defined by section 8701(a)
11 of title 5, United States Code) who declined or vol-
12 untarily terminated coverage under chapter 87 of
13 such title—

14 (i) may elect to begin, or to resume, group
15 life insurance and group accidental death and
16 dismemberment insurance; and

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

19 (B) such other elections as the Office allows
20 may be made.

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

1 **SEC. 4. FUNDING.**

2 Notwithstanding section 8714(a)(1) of title 5, United
3 States Code, the Office of Personnel Management shall
4 retain in the Employees' Life Insurance Fund such por-
5 tion of premium payments otherwise due as will, no later
6 than September 30, 1995, permanently reduce the contin-
7 gency reserve established under the third sentence of sec-
8 tion 8712 of such title 5 by an amount equal to the
9 amount by which payments from the Employees' Life In-
10 surance Fund during the fiscal year ending September 30,
11 1995, exceed the payments that would have been paid had
12 the amendments made by this Act not been enacted.

Passed the House of Representatives July 19, 1994.

Attest:

Clerk.

103D CONGRESS
2D SESSION

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