

**Calendar No. 708**

103D CONGRESS  
2D SESSION

**H. R. 512**

**[Report No. 103-395]**

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**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.

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OCTOBER 3 (legislative day, SEPTEMBER 12), 1994  
Reported without amendment and an amendment to the  
title

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**IN THE SENATE OF THE UNITED STATES**

JULY 20, 1994

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

OCTOBER 3 (legislative day, SEPTEMBER 12), 1994

Reported by Mr. GLENN, without amendment and an amendment to the title

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**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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “FEGLI Living  
3 Benefits Act”.

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

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

8 **“§8714d. Option to receive ‘living benefits’**

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

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

18 “(1) the full amount of insurance under section  
19 8704(a) (or portion thereof designated for this pur-  
20 pose under subsection (d)(4)) which would otherwise  
21 be payable under this chapter (on the establishment  
22 of a valid claim)—

23 “(A) computed based on a date determined  
24 under regulations of the Office (but not later  
25 than 30 days after the date on which the indi-  
26 vidual’s application for benefits under this sec-

1           tion is approved or deemed approved under sub-  
2           section (d)(3)); and

3                   “(B) assuming continued coverage under  
4           this chapter at that time;

5           reduced by

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

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

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

19                           “(i) shall be reduced by the percentage  
20                   which the designated portion comprised relative  
21                   to the total benefits which could have been  
22                   taken (rounding the result to the nearest mul-  
23                   tiple of \$1,000 or, if midway between multiples  
24                   of \$1,000, to the next higher multiple of  
25                   \$1,000); and

1           “(ii) shall not be subject to further adjust-  
2           ment; and

3           “(B) deductions and withholdings under section  
4           8707, and contributions under section 8708, shall be  
5           terminated with respect to such individual (or re-  
6           duced in a manner consistent with the percentage  
7           reduction in the individual’s basic insurance amount,  
8           if applicable), effective with respect to any amounts  
9           which would otherwise become due on or after the  
10          date of payment under this section.

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

18          “(d)(1) The Office’s regulations shall include provi-  
19          sions regarding the form and manner in which an applica-  
20          tion under this section shall be made and the procedures  
21          in accordance with which any such application shall be  
22          considered.

23          “(2) An application shall not be considered to be com-  
24          plete unless it includes such information and supporting  
25          evidence as the regulations require, including certification

1 by an appropriate medical authority as to the nature of  
2 the individual's illness and that the individual is not ex-  
3 pected to live more than 9 months because of that illness.

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

11       “(B) Any decision by the reviewing agency or entity  
12 with respect to an application for benefits under this sec-  
13 tion (including one relating to an individual's medical  
14 prognosis) shall not be subject to administrative review.

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

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

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

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

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

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

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

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

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

18 (A) an employee (as defined by section 8701(a)  
19 of title 5, United States Code) who declined or vol-  
20 untarily terminated coverage under chapter 87 of  
21 such title—

22 (i) may elect to begin, or to resume, group  
23 life insurance and group accidental death and  
24 dismemberment insurance; and

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

3 (B) such other elections as the Office allows  
4 may be made.

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

9 **SEC. 4. FUNDING.**

10 Notwithstanding section 8714(a)(1) of title 5, United  
11 States Code, the Office of Personnel Management shall  
12 retain in the Employees' Life Insurance Fund such por-  
13 tion of premium payments otherwise due as will, no later  
14 than September 30, 1995, permanently reduce the contin-  
15 gency reserve established under the third sentence of sec-  
16 tion 8712 of such title 5 by an amount equal to the  
17 amount by which payments from the Employees' Life In-  
18 surance Fund during the fiscal year ending September 30,  
19 1995, exceed the payments that would have been paid had  
20 the amendments made by this Act not been enacted.

Passed the House of Representatives July 19, 1994.

Attest: DONNALD K. ANDERSON,  
*Clerk.*

Amend the title so as to read: "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.”.