



## Health benefits premiums

**A**n employee who suffers an on-the-job injury generally has a right to continue his or her health insurance coverage in the Federal Employees Health Benefits Plan (FEHB). However, problems do occur because the rules that govern FEHB enrollment and premium payment for injured employees, who are drawing wage-loss compensation, can be complicated. This article will cover some relevant Postal Service obligations.

**Transfer of health benefits enrollment**—When OWCP expects to compensate an employee for an extended period, and the employee meets the requirements for continuing enrollment as an OWCP recipient, the health benefits enrollment is transferred to OWCP.<sup>1</sup> The Postal Service must complete and forward the “Transfer of FEHB Enrollment to OWCP” form to complete the transfer.<sup>2</sup> The employee’s share of the health benefits plan premium is then deducted by OWCP from the wage-loss compensation payment.

The Postal Service sometimes fails to process the transfer form and this may cause a problem when an employee reaches 365 days of LWOP. In most situations, the Postal Service can discontinue paying its portion of the health benefits premiums after one year of LWOP. However, there is an exception for employees drawing OWCP wage-loss compensation, who are otherwise eligible for FEHB coverage. When the Postal Service fails to properly process the “Transfer of FEHB Enrollment to OWCP” form, its database may fail to recognize that the employee is on the OWCP rolls and generate a cancellation of FEHB enrollment.

The enrollment of an employee who was transferred to OWCP is transferred back to the employing agency when the employee returns to duty, even if the employee still receives reduced compensation from OWCP, provided the employee is eligible for continued coverage. When an employee returns from OWCP to full-time regular or limited duty, the Postal Service automatically begins deducting health benefits premiums from the employee’s paycheck. However, when an employee returns to less than full-time duty, the Postal Service often fails to begin such deductions. Postal Service regulations require it to resume FEHB deductions whenever an injured employee returns to duty after a period of compensable disability.<sup>3</sup>

**Health Benefits Refund Program**—This program is designed to reimburse injured employees for an overdeduction of health benefits premiums by OWCP.<sup>4</sup> Postal employees pay a lower percentage of total health benefits premiums than other federal employees. During the first year of compensable disability, OWCP deducts a postal employee’s normal share of health benefits premiums from the injured employee’s compensation payments. However, after one year of compensation, OWCP begins deducting the employee’s share of premiums at the higher federal employee rate. When this happens, the Postal Service is required to refund the difference—the amount of overdeduction—to the injured employee.

To be eligible for the refund, the following criteria must be met:

- The employee must be on the rolls and in an LWOP-IOD status. Employees who are separated from the Postal Service are not eligible.
- The employee must be receiving OWCP compensation payments with health benefits premiums deducted at the higher federal rate.
- A period of at least one year must have elapsed since the employee began receiving OWCP compensation.

When the above criteria are met, the Postal Service must complete PS Form 202, “Health Benefits Refund Payment Authorization,” on a quarterly basis. The Postal Service calculates the amount of the refund by calculating the difference between the federal health benefits premium rate and the Postal Service rate of the health benefits plan chosen by the employee. The completed PS Form 202 is then sent to the postal finance office and a check is issued to the employee. Copies of the PS 202 are filed in the employee’s OPF and Injury Compensation file. A copy must also be sent to the employee.

**Injured workers should carefully review their health benefits.** Failure by management to transfer benefits, process and pay the premium refunds when the criteria are met and other errors should be investigated and grieved if necessary. ☒

1. *ELM* 525.121
2. *ELM* Exhibit 525.142
3. *ELM* at 525.148
4. *ELM* at 525.132, *EL* 505 Section 13.20