

Insurance benefits and OWCP



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When an injured letter carrier is receiving wage-loss compensation for an on-the-job injury for an extended period of time, the responsibility for payment of health and life insurance premiums is transferred from the Postal Service to the Office of Workers' Compensation Programs (OWCP). The deductions for a Federal Employees Health Benefits (FEHB) plan and/or Federal Employees' Group Life Insurance (FEGLI) will be taken from the compensation payments. An injured

worker must be enrolled in a health plan on the date of injury to have premiums deducted.

Health benefit and life insurance deductions are not made from OWCP compensation for intermittent hours or days within a pay period. In those cases, the Postal Service will continue to deduct the premiums from wages earned.

City carrier assistants (CCAs) who are injured on the job normally will not have health benefit premiums deducted from their compensation payments. In those cases, the Postal Service should bill the injured worker on a quarterly basis.

OWCP normally will send the health benefit and life insurance transfer request to the Postal Service. The Postal Service is required to send a copy of two employee forms: SF 2809, Health Benefits Registration Form—Federal Employees Health Benefits Program, and SF 2810, Federal Employees Health Benefits Program—Notice of Change in Health Benefits to OWCP.

The Postal Service assumes the full cost of FEGLI basic life insurance for career employees, so there usually is no transfer of basic life insurance to OWCP necessary. This changes when an injured worker remains on compensation for one year. When a carrier is on Leave Without Pay (LWOP) and receiving OWCP compensation for 12 months, the carrier then becomes a "compensationner" under the law. Compensationners are treated similarly to annuitants (retirees) even if they haven't been separated from the Postal Service.

When an injured worker reaches compensationner status, the employee then becomes responsible for his or her basic life insurance premium. The premiums will be deducted directly from his or her compensation payments. The premiums for a compensationner are the same as an annuitant and depend on the employee's coverage.

The Postal Service is required to promptly issue forms SF 2821 and SF 2819 to injured workers when they become compensationners so they can make their election(s) in the same manner as a retiring carrier would.* However, most injured workers will receive an SF 2818, Continuation of Life Insurance Coverage as an Annuitant or Compensation-

ner, along with the SF 2819, Notice of Conversion Privilege. The SF 2818 includes options for basic life insurance of 75 percent reduction, 50 percent reduction or no reduction. The reduction is triggered at age 65 or at retirement, whichever is later.

The premiums for no reduction are 7.5 times more than the 75 percent reduction. Until the employee is age 65 and retired, all options provide the same benefit (salary rounded up to nearest thousand, plus \$2,000).

In other words, an injured worker who chooses "no deduction" will be paying a large premium for the same coverage he or she would incur with a 75 percent reduction until the age of 65!

Many compensably injured workers don't realize they are treated as compensationners after one year in a LWOP-status. If the Postal Service does not issue an injured worker the SF 2818 promptly when the carrier becomes a compensationner, major problems arise.

NALC has recently seen cases where carriers select the "no reduction" option believing that that is the current coverage for active employees. This changes the premiums for current top-step carriers from approximately \$21 a month to \$162 a month.

Postal employees can decrease their FEGLI coverage at any time, so if an injured worker realizes his or her error, it can be corrected prospectively. However, if the Postal Service fails to send the SF 2818 until years after the effective date, the injured worker may unknowingly elect to increase his or her premium retroactively.

The retroactive adjustment gets transmitted to the Office of Personnel Management (OPM) and then to OWCP, which will determine an overpayment. Compensably injured workers can face thousands of dollars of owed premiums to OWCP.

Injured workers who receive a letter from the Postal Service regarding continuation of life insurance coverage need to be mindful of the potential impact of their selection, including the possibility of a retroactive effective date.

A grievance investigation should be initiated if the Postal Service did not issue SF 2818 and SF 2819 as required by the *Employee and Labor Relations Manual (ELM)*. Grievance officers should contact the national business agent's office for further assistance in handling cases involving the retroactive issuance of SF 2818s.

* ELM 535.63, Notice of Termination and of Conversion Privilege