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OF THE AIR FORCE**

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**29 APRIL 2015**



*Services*

**NONAPPROPRIATED FUND GROUP  
HEALTH BENEFITS PROGRAM**

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This instruction implements DoDI 1400.25, Volume 1408, *DoD Civilian Personnel Management System: Insurance and Annuities for Nonappropriated Fund (NAF) Employees* and Air Force Policy Directive (AFPD) 34-3, *Nonappropriated Funds Personnel Management and Administration*. This Air Force Instruction (AFI) provides guidance on implementing the Department of Defense (DoD) Health Benefits Program (HBP) for NAF employees. This instruction does not apply to Army and Air Force Exchange Service (AAFES) employees. This instruction directs collecting and maintaining information subject to the Privacy Act of 1974 authorized by 33 U.S.C. 901, and 5 U.S.C. 8171-8173. In collaboration with the Chief of Air Force Reserve (AF/RE) and the Director of the Air National Guard (NGB/CF), the Deputy Chief of Staff for Manpower, Personnel, and Services (AF/A1) develops personnel policy for executing the DoD HBP. This publication may not be supplemented. Refer recommended changes and questions about this publication to the OPR using AF Form 847, Recommendation for Change of Publication; route AF Forms 847 from the field through the appropriate chain of command. The authorities to waive wing/unit level requirements in this publication are identified with a Tier ("T-0, T-1, T-2, T-3") number following the compliance statement. See AFI 33-360, Publications and Forms Management, Table 1.1. for a description of authorities associated with tier numbers. Submit requests for waivers to the Publication OPR for non-tiered compliance items. Ensure that all records created as a result of processes prescribed in this publication are maintained in accordance with (IAW) Air Force Manual (AFMAN) 33-363, Management of Records, and disposed of IAW Air Force Records Disposition Schedule (RDS) located in the Air Force Records Information Management System (AFRIMS).

**SUMMARY OF CHANGES**

This document is substantially revised and must be completely reviewed. The AFI has the following changes: All references to Health Maintenance Organization (HMO) Plans are deleted; it also adds references to the DoD HBP and outlines the policies and procedures applicable to the program.

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## Chapter 1

### PROGRAM OVERVIEW

**1.1. Definitions.** The DoD Health Benefits Program (DoD HBP) is a uniform health insurance program available to eligible Nonappropriated Fund (NAF) employees, retirees, and their family members. The DoD HBP consists of the Preferred Provider Organization (PPO) Network and Traditional-Indemnity Medical Plans, the DoD HBP Dental Plan, and the Stand Alone Dental (SAD) Plan. Plan participants living in the Continental U.S. access medical care through the PPO Network Plan or the Traditional-Indemnity Plan, depending on their geographic location. Plan participants residing overseas use the Traditional-Indemnity Medical Plan. Dental coverage is offered to participants through the DoD HBP Dental Plan or the SAD Plan. The SAD is an insured product, procured separately by the DoD HBP Committee. Under an insured arrangement, the Carrier assumes all the risk and claim liability. The DoD HBP medical and dental plans are self-insured. This means they provide benefits without the purchase of commercial insurance. In this case, a third-party administrator provides access to networks of health and dental care providers and services, and also performs claims administration services. Under the self-insured arrangement, the Air Force pays its pro-rata share of administrative and claim-payment expenses using the employee and employer contributions deposited into the Air Force Insurance Fund (AFIF). Participation in the program is voluntary.

**1.2. Purpose.** The DoD HBP provides an efficient way for employees and retirees to maintain a measure of security for themselves and their family members in the event of illness or injury.

#### **1.3. Obtaining Information and Program Documents.**

1.3.1. Nonappropriated Fund Human Resources (NAF-HR) Sections should forward technical questions, requests for additional supplies and information, and comments pertaining to the management and administration of the DoD HBP to the Air Force Services Activity (AFSVA) Insurance Section (SVXHI). (T-2)

1.3.2. Direct inquiries related to the status or payment of claims, pre-certification procedures, and covered medical and dental expenses to the Carrier at the toll-free number listed on the covered participant's identification card or online through the Carrier's Customer Service Website.

#### 1.3.3. Applicable Documents:

1.3.3.1. The Summary Plan Description (SPD) refers to the applicable health and dental benefits information booklet related to eligibility, covered and excluded benefits, coordination of benefits, continuing coverage programs, and other plan-related information. If an employee enrolls in health coverage under the DoD HBP, the applicable SPD depends on the medical plan type offered by geographical location, either the PPO or the Traditional-Indemnity Plan. Separate SPDs apply to dental coverage under the DoD HBP and the SAD plans.

1.3.3.2. Flexible Benefits Plan (FBP) Documents. The FBP gives NAF employees enrolled in the DoD HBP or the SAD the option to pay contributions with pre-tax earnings. NAF-HR Sections and FBP participants coordinate plan enrollments, changes, and cancellations using AFI 34-307, *NAF Flexible Benefits Plan*.

1.3.3.3. DoD HBP Policy Document. For DoD HBP policy guidance, refer to DoDI 1400.25, V1408, *DoD Civilian Personnel Management System: Insurance and Annuities for Nonappropriated Fund (NAF) Employees*.

## Chapter 2

### ROLES AND RESPONSIBILITIES

**2.1. DoD NAF Employee Benefits Committee** reviews DoD HBP matters and develops policy recommendations for DoD consideration, recommends the kinds and levels of benefits the DoD NAF HBP shall provide based upon such factors as cost, mainstream private and public sector practice, and health benefits as an element of the total compensation package necessary to recruit and retain productive employees. The Committee is chaired by a member of the Defense Civilian Personnel Advisory Service (DCPAS) Nonappropriated Fund (NAF) Personnel Policy Division and is composed of representatives from that division and members the DoD NAF Components.

**2.2. Air Force Services Activity (AFSVA)** provides general oversight, management, day-to-day administration of the DoD HBP, its continuing coverage program, and publishes instructional material. An AFSVA representative is a member of the DoD HBP Employee Benefits Committee.

**2.3. Installation NAF-HR Section** performs routine installation-level administration as instructed in this AFI, the DoD HBP Policy, applicable SPD, and administrative guidance provided by the AFSVA/SVXHI or Carrier. (T-0)

**2.4. AFSVA Shared Service Center (SSC) Payroll Branch** processes the collection of employee and employer contributions associated with plan participation as instructed by AF Services Financial Management System (AFSFMS) payroll procedures.

**2.5. The Carrier will:**

2.5.1. Perform tasks concerning administration of the PPO Network and Traditional-Indemnity Medical Plans, the DoD HBP Dental Plan, and the SAD.

2.5.2. Provide customer service functions; administer and pay claims; and provide information and assistance on premium setting and reserve funding.

2.5.3. Provide expert advice on health and dental benefits management matters; establish SPD content and publish and distribute SPDs.

2.5.4. Develop and supply employee communications; provide administrative assistance during the Open Enrollment Period; maintain participant information; and provide evaluation reports on medical and dental plans.

## Chapter 3

### NAF-HR

**3.1. Determine Eligibility for Participation.** Employees, retirees, and their eligible family members may not be excluded from coverage because of a pre-existing condition. The requirements below, and those listed in the SPDs, establish the eligibility criteria for participation in medical and dental coverage under the DoD HBP or the SAD. Medical coverage is offered to employees through a PPO network Plan or a Traditional-Indemnity Plan, depending on the person's geographic location. (For retirees, the medical plan offered depends on the place of residence or eligibility for Medicare.) Dental coverage is optional. Employees who elect dental coverage have two enrollment options: either they may enroll in the DoD HBP dental plan or they may enroll in the SAD only. Retirees may continue their DoD HBP dental coverage associated with their DoD HBP medical plan, if upon retirement, they meet the enrollment requirements. Otherwise, retirees are not eligible for the SAD Plan. Employees are not required to participate in a separate benefit program, such as life insurance, to be eligible for DoD HBP coverage. **EXCEPTION:** If employees want DoD HBP medical and dental coverage upon retirement (i.e., Post-Retirement Medical (PRM) coverage), they must be enrolled in a Retirement Plan and be eligible for an immediate annuity. Employees not participating in a Retirement Plan, do not qualify for retiree PRM coverage.

#### 3.1.1. Active Employees.

3.1.1.1. Regular civilian NAF employees are eligible if they are scheduled to work at least 20 hours per week, are employed on the US dollar payroll, have a social security number or individual tax identification number, and are subject to US income tax.

3.1.1.2. Eligibility Following Employee Move from Appropriated Fund (APF) Position to a NAF Position (Portability Move). Health insurance is not portable, regardless of an employee's retirement system election. APF employees moved to NAF positions (whether involuntary or voluntary) may elect to enroll in the DoD HBP within 31 days of appointment to a NAF position. They may not remain in the Federal Employees Health Benefits (FEHB) Program. Contact AFSVA/SVXHI for special guidance on processing a portability-related enrollment under the DoD HBP.

#### 3.1.2. Former Employee/Retirees.

3.1.2.1. Eligibility for Post-Retirement Medical (PRM) and Dental Coverage. Former employees/retirees are eligible to continue participation in the DoD HBP, excluding the SAD. Notify the AFSVA Insurance Branch of former employees/retirees eligible for PRM coverage within 31 days of the eligibility date. Former employees/retirees must meet all of the following requirements.

3.1.2.1.1. Enrollment. Employees must be enrolled in the DoD HBP medical plan (and DoD HBP dental plan, if applicable) on the day before termination of employment.

3.1.2.1.2. Participation. Have 15 years cumulative participation in any combination of NAF employer health plans existing before 1 January 2000, and the DoD HBP

medical and dental plans. Participation in either the health or dental plan does not have to be continuous and is not affected by breaks in service.

3.1.2.1.2.1. Credit for Federal Employees Health Benefits (FEHB) Program Participation. Continuous participation in the FEHB Program as of the day before a move from an APF position to a NAF position, on or after 1 January 1987, without a break in service of more than 3 days, will be credited towards the 15 year cumulative participation requirement.

3.1.2.1.2.2. Circumstances Allowing Waivers of 15 Years Participation.

3.1.2.1.2.2.1. Involuntary Movement from an APF Position to a NAF Position. The health and dental plan requirement for 15 years cumulative participation is waived for employees who had 5 years of continuous enrollment in the FEHB Program on the day before being involuntarily moved from an APF position to a NAF position. The move must have occurred on or after 1 January 1987, without a break in service of more than 3 days. In this circumstance, an involuntary move occurs when the employee's APF position is abolished in the APF employment system and reestablished in the NAF employment system.

3.1.2.1.2.2.2. Movement from an APF Position to a NAF Positions under the Uniform Funding and Management (UFM) Program. The health and dental plan requirement for 15 years cumulative participation is waived for employees who had 5 years of continuous enrollment in the FEHB Program on the day before moving from an APF position to a NAF position under the UFM authority granted by Section 2494 of 10 U.S.C. (Reference (m)). The employee must have been the incumbent of a position that the employer moved from APF to NAF under the UFM funding authority and must have moved between the positions without a break in service of more than 1 day. The NAF Components are required to document waivers of the 15-year participation requirement for the purpose of UFM and be prepared to report this information to the Office of the Secretary of Defense as requested. (SC1408.AP1.5.2.1.2.2.2.)

3.1.2.1.2.2.3. Participation in a NAF Employer Dental Plan prior to 1 January 2000. The requirement for 15 years cumulative participation in the dental plan is waived for employees who participated in a NAF employer's dental plan when the NAF employer first offered it prior to 1 January 2000, and who have continuously participated in the DoD HBP dental plan.

3.1.2.1.3. Retirement Annuity. Former employees/retirees must receive an immediate NAF annuity by a monthly annuity check or a lump-sum annuity payment. The annuity may also be from the Civil Service Retirement System (CSRS) or Federal Employees Retirement System (FERS), provided the employee elected to remain covered by CSRS or FERS as a NAF employee.

3.1.2.2. Post-Retirement Medical/Dental Coverage Election and Termination. Group medical/dental coverage terminates if a former employee separates from NAF employment and does not initially elect post-retirement coverage within 31 days of the

eligibility date. If a retiree cancels post-retirement coverage for any reason, or fails to pay required premiums, the post-retirement coverage terminates. A former employee/retiree may not have post-retirement medical or dental coverage reinstated, or re-enroll in either coverage during subsequent Open Enrollment Periods.

3.1.2.3. TRICARE-for-Life. Medicare-eligible retirees, including surviving dependents, may suspend their DoD HBP medical coverage for enrollment in TRICARE-for-Life. TRICARE-for-Life retirees or surviving dependents must also suspend their dental plan participation, if covered by the DoD HBP Dental Plan. Those who involuntarily lose TRICARE-for-Life may return to DoD HBP health and dental (if applicable) coverage immediately. Otherwise, the retiree or surviving dependent may do so during the next Open Enrollment Period.

3.1.3. Dependents. Employees who enroll in the DoD HBP or the SAD may also elect to cover their eligible dependents. Parents of covered employees are not eligible. Refer to the appropriate medical or dental SPD for additional details on eligibility criteria for dependents.

3.1.3.1. Spouse, including a common-law wife or husband in those states recognizing common-law marriages. Contact the AFSVA/SVXHI for guidance concerning definition of spouse.

3.1.3.2. Unmarried children under age 26, including biological, adopted, stepchildren, foster children, grandchildren, and any other children who live with the employee or depend upon the employee for support.

3.1.3.3. Unmarried children under age 26, who are full-time students in actual attendance at an accredited educational institution and dependent upon the employee for support (not working on a regular full-time basis), and children over the maximum age who are incapable of self-support due to a disability which occurred prior to reaching the maximum age.

3.1.3.4. Employees may be required to furnish the Carrier with proof of the dependent's eligibility at the time of enrollment (e.g., full-time college student or handicapped dependent, etc.)

**3.2. Counseling Employees.** The NAF-HR Section will provide advice and assistance to employees and retirees on the provisions of the DoD NAF HBP, including distributing communication materials and assisting in proper completion of applicable forms. (T-0)

3.2.1. Plan Provisions. Describe the plan provisions in the applicable SPD and answer related questions so employees can make an informed decision about enrolling in health benefits. Employees may voluntarily enroll in the DoD HBP or SAD. Electronic versions of the PPO Network or Traditional-Indemnity Plans, DoD HBP Dental, and SAD SPDs are available at the AFSVA website or upon request from the AFSVA/SVXHI. Employees are responsible for accuracy of deductions and timely reporting of errors or status changes on their Leave and Earnings Statement (LES) to the NAF-HR Section for prompt resolution.

3.2.2. Effective Date of Coverage and Payroll Deductions.

3.2.2.1. PPO Network and Traditional-Indemnity Plans. Regular employees are eligible to enroll during the first 31 days after their date of hire or reclassification to an eligible category. Coverage is effective on the day of application (the day the employee signs the

enrollment form) if the form is returned to the NAF-HR Section within the 31-day eligibility period. Payroll deductions start at the beginning of the pay period in which the coverage is effective.

3.2.2.2. SAD Plan. Follow the same enrollment rules as with the PPO Network and Traditional-Indemnity Plans unless otherwise directed.

### 3.2.3. Contribution Rates.

3.2.3.1. The Deputy Assistant Secretary of Defense for Civilian Personnel Policy approves and announces contribution rates for the DoD HBP to the Service Component heads of NAF Employers each year, based on recommendations from the DoD HBP Committee. The Committee reviews plan provisions and claims utilization reports provided by the Carrier to determine its proposed rates recommendation. AFSVA/SVXHI forwards approved rates to installation NAF-HR Sections, the SSC, and other AFSVA functional offices for implementation.

3.2.3.2. SSC updates tables and processes the approved contribution rates for active employees. AFSVA/SVXHI implements the contribution rates for former employees/retirees.

3.2.4. Plan Changes. AFSVA/SVXHI publicizes any information on benefit or plan changes to former employees and retirees, as required. AFSVA/SVXHI also handles plan communications, as necessary.

### 3.2.5. Flexible Benefits Plan (FBP) Eligibility and Provisions.

3.2.5.1. Under the FBP, group health/dental participants in the DoD HBP/SAD have the option of paying contributions with pre-tax or after-tax earnings. Employees who choose not to enroll in the FBP, or later disenrollment from the FBP, automatically pay contributions with after-tax earnings.

3.2.5.2. Employees enrolled in FBP pay contributions with pre-tax earnings. Employees enrolled in FBP may not cancel their DoD HBP or SAD coverage until they change their FBP election to "after-tax" during the Open Enrollment Period. Refer to Attachment 2 (Qualifying Events for Changing a FBP Election) in AFI 34- 307, *NAF Flexible Benefits Plan*, for more information.

3.2.6. Precertification or Advance Claim Review Provisions. These provisions are explained in more detail in the medical and dental SPDs. Plan participants must obtain precertification from the Carrier for certain types of healthcare services identified in the applicable SPD to avoid a reduction in benefits.

3.2.7. Continuation of Coverage. Refer to the appropriate section of this AFI and SPD to counsel employees on continuation of coverage based on the circumstance under which an employee or dependent would lose eligibility for group insurance. Notify the AFSVA Insurance Branch of employees eligible for continuing coverage within 31 days of the date of eligibility.

3.2.8. Conversion of Health Benefits Coverage. Employees, retirees, and dependents losing DoD HBP medical coverage may convert, without a medical exam, to a personal health policy offered by the Carrier. If an enrollee resides overseas, the person may not convert unless he or she returns to the US within 31 days from the date that coverage under the

medical plan ceases. The personal policy will take effect on the day after DoD HBP medical coverage ceases, or any Temporary Continuation of Coverage (TCC) ends. The DoD HBP medical SPD provides detailed application requirements, including specific time periods during which a participant may apply. The conversion provision does not apply to DoD HBP Dental or SAD coverage.

**3.3. Processing Waivers of Enrollment.** If an employee initially declines coverage, have the employee complete and sign a waiver of health and/or dental coverage card and file the card in the employee's Official Personnel File (OPF). The NAF-HR Section will document the waiver on an AF Form 2545, *NAFI Notification of Personnel Action*, in the Defense Civilian Personnel Data System (DCPDS). The employee may not enroll in the plan until an Open Enrollment or Special Enrollment Period. Refer to DoD HBP Policy and the SPD regarding special enrollment periods. (T-2)

**3.4. Processing Enrollment Elections.** The NAF-HR Section will enroll eligible employees and dependents electing to participate in the plan and determine their effective date of coverage for payroll deductions, as instructed below. The NAF-HR Section will use the AF Form 2545 to notify the SSC of an employee's plan election and other plan-related information. (T-2)

3.4.1. If an employee requests coverage within 31 days of hire or reclassification to an eligible employment category, the employee/NAF-HR Section must complete an enrollment form. Make a copy of the employee's enrollment form for suspense (see paragraph 3.4.5. below) and forward the original form to the Carrier Eligibility Unit as instructed by AFSVA/SVXHI.

3.4.2. Process an AF Form 2545 using the applicable plan code provided by AFSVA/SVXHI. The effective date of coverage is the day the employee completes and signs the enrollment form and returns it to the NAF-HR Section. Payroll deductions begin with the first day of the pay period during which coverage becomes effective.

3.4.3. Employees who do not enroll in the DoD HBP or SAD within the 31-day eligibility period must wait to enroll during the next Open Enrollment Period or, if applicable, during a Special Enrollment Period.

3.4.4. After processing an employee's enrollment form, the Carrier will send a change form to the NAF-HR Section documenting the employee's benefit election. The change form is filed in the envelope on the right side of the employee's OPF and used later to notify the Carrier of an employee's cancellation or change in coverage. The NAF-HR Section will temporarily suspend the employee's enrollment form, pending receipt of the change form from the Carrier. If a change form is not received within 2 to 3 weeks, the NAF-HR Section will follow-up with the Carrier to check the status. Afterwards, the NAF-HR Section files the employee's enrollment form and change form in the OPF.

**3.5. Processing Changes in Coverage.** The NAF-HR Section will use AF Form 2545 to notify the SSC of an employee's change in coverage or cancellation, and also process the change form through the Carrier according to the AFSVA/SVXHI pre-established procedures. (T-2)

3.5.1. **Cancelling or Terminating Coverage.** Coverage ends on the date the employee signs the required cancellation form, or on the date the employee terminates employment, or changes to an ineligible category. An employee does not pay an insurance contribution in the pay period during which the cancellation of coverage occurs.

3.5.1.1. To cancel coverage at an employee's request, the employee completes and signs a discontinuance of coverage card, which is filed in the employee's OPF.

3.5.1.2. Special Considerations for Total Disability. If an employee declares disability at the time group coverage ends, refer to the DoD HBP SPD to determine if the employee is eligible for continued coverage. Advise individuals who are potentially eligible for TCC disability coverage to:

3.5.1.2.1. Obtain a physician's statement as proof of total disability and the prognosis of the disability. Acceptable forms of evidence for total disability include a letter from the person's attending physician, or the Social Security Administration, or a completed medical benefits request claim form.

3.5.1.2.2. Send Disability-TCC request documentation through the NAF-HR Section to AFSVA/SVXHI.

3.5.1.2.3. AFSVA/SVXHI will review the information, determine eligibility for Disability-TCC provisions, and enroll the disabled employee or family member(s) in the appropriate TCC Program option.

3.5.2. Increasing or Decreasing Coverage. Depending on circumstances, employees may change coverage at any time during the plan year, provided they have not elected to pay their insurance contributions with pre-tax earnings under the Flexible Benefits Plan (FBP). If the employee requesting the change is enrolled in the FBP, refer to Attachment 2 (Qualifying Events for Changing a FBP Election) in AFI 34-307, *NAF Flexible Benefits Plan*, on the qualifying events (restrictions) for making a change. Changes must be made within 31 days of the life-qualifying event, e.g., birth of child, marriage, etc.

3.5.2.1. An employee enrolled in single coverage may add a newly eligible dependent within 31 days of the dependent's eligibility date. The effective date of family coverage is either the date of the election or the date of the event. The premium increase is effective the first day of the pay period during which the change in coverage occurred.

3.5.2.2. Employees may change from family to single coverage (or medical and dental to medical-only) at any time during the plan year, unless they are paying contributions with pre-tax earnings under the FBP as described earlier in this section.

3.5.3. Processing Name or Address Changes. Use AF Form 2545 to notify the SSC of employee personal data changes. The NAF-HR Section will verify name change using applicable legal documentation and file the information in the employee's OPF. Follow AFSVA/SVXHI instructions for notifying the Carrier Eligibility Unit of the employee change.

**3.6. Processing Transfer Actions.** The NAF-HR Section determines if a transferring employee meets the eligibility criteria to continue participation in health/dental coverage under the DoD HBP/SAD at the gaining installation. (T-2)

3.6.1. Processing Name or Address Changes. If an enrolled employee transfers without a break in service, coverage continues without interruption and the employee is not subject to the 31day eligibility period for enrollment purposes. The transfer AF Form 2545 should reflect continuing health/dental coverage if the employee had it at his or her previous duty station.

3.6.1.1. PPO Network and Traditional-Indemnity Plans. Enter the gaining installation's control-suffix-account number (group policy number), the effective date of the transfer, and the employee's DoD HBP/SAD plan number and home address on the change form and forward it to the Carrier Eligibility Unit. Notify the SSC of the insurance enrollment action using AF Form 2545 to start (resume) payroll deductions. File copies of the change form and personnel action in the employee's OPF.

3.6.1.2. If unable to locate the employee's change form in the OPF, use an enrollment form to report the transfer to the Carrier. The NAF-HR Section may need to enroll the employee in a different medical plan option (plan number) due to the geographic move. The employee should be given relevant enrollment materials and the matching SPD.

3.6.1.3. Transfer between NAF Instrumentalities (NAFIs). If the termination of employment from the losing installation and subsequent employment with the gaining installation occur in two different but successive pay periods, a full premium payment is made for each pay period at the respective installation.

3.6.1.4. If the termination of employment from the losing installation and subsequent employment with the gaining installation occur in the same pay period, a full premium payment for the pay period is made by the gaining installation. If both installations deduct premiums, the losing installation should refund the erroneous premium deductions to the employee and gaining installation.

3.6.2. If an enrolled employee transfers with a break in service of one or more workdays, determine if the employee is eligible for the DoD HBP/SAD at the gaining installation. If the employee is not eligible to continue participation in the DoD HBP/SAD, complete the change form to cancel coverage and send it to the Carrier Eligibility Unit. File a copy of the change form in the employee's OPF.

3.6.3. The NAF-HR Section notifies the SSC of the insurance cancellation action using AF Form 2545. This action will stop payroll deductions.

### **3.7. Performing Routine Insurance Audits/Reconciling Reports. (T-2)**

3.7.1. The NAF-HR Section will routinely audit monthly reports from the Carrier to ensure enrollment, change, and cancellation transactions are correctly documented in its eligibility/claims systems. The monthly report from the Carrier should match the information in DCPDS.

3.7.1.1. Correct errors by sending the Carrier a copy of the enrollment form or a corrected copy of the change form for each affected employee and suspense a copy of the form for follow-up with the Carrier in 2 to 3 weeks. The Carrier will send a new change form to the NAF-HR Section documenting the employee's insurance election under the DoD HBP/SAD. The NAF-HR Section files the form in the OPF after reviewing it for accuracy. If an employee's change form is not received within the suspense time, contact the Carrier and determine the status.

3.7.1.2. The NAF-HR Section will also reconcile the biweekly group insurance enrollment/payroll deduction report generated by the SSC with health/dental insurance-related actions submitted on AF Forms 2545, and take corrective action in DCPDS or through the SSC or the Carrier, as required. For example, the NAF-HR Section will

verify each pay period that employees' payroll deductions correspond with their benefit elections using a detailed group insurance enrollment/deduction report. The payroll report should match the enrollment data in DCPDS and the Carrier report. The NAF-HR Section corrects errors in DCPDS and notifies or coordinates with the SSC or the Carrier for resolution accordingly.

**3.8. Employee Contribution Shortages.** The NAF-HR Section coordinates with the SSC using whatever means available to immediately inform an employee when pay is insufficient to cover his or her health/dental contributions. (T-2) In addition, the NAF-HR Section will:

3.8.1. Instruct the employee to pay the shortage by the next pay period following the pay period in which the shortage occurred.

3.8.2. Notify the SSC when the employee failed to timely pay the shortage as instructed. The NAF-HR Section also notifies the employee and Carrier that coverage is canceled.

3.8.2.1. Process an AF Form 2545 to notify the SSC of the employee's cancellation of group health/dental coverage.

3.8.2.2. The NAF-HR Section also completes the change form to cancel the employee's coverage through the Carrier Eligibility Unit. The effective date of cancellation is the first day of the pay period immediately following the pay period in which the shortage occurred. The NAF-HR Section files copies of both forms in the employee's OPF.

3.8.3. Losing Coverage. Any employee losing group coverage due to the nonpayment of contributions is not eligible for continuing coverage and may not re-enroll in the DoD HBP or SAD Plan until the Open Enrollment Period unless he or she qualifies for a Special Enrollment Period due to a life-changing event.

3.8.4. Otherwise, as long as employees continue to pay their share of the contribution, the NAFI continues to pay the employer share. Exception: The SAD Plan is 100 percent employee-paid. Coverage remains in effect as long as the respective shares are paid.

## Chapter 4

### ENROLLMENT OPPORTUNITIES

**4.1. Initial Enrollment of Active Employees.** Eligible employees may enroll themselves and eligible dependents in the DoD HBP or SAD within 31 days of the employee's initial eligibility date. Employees not enrolling during this initial eligibility period must wait to enroll during a subsequent Open Enrollment Period or during a Special Enrollment Period.

**4.2. Open Enrollment Period for Employees.** AFSVA/SVXHI will announce an Open Enrollment Period for eligible employees. Employee elections are effective 1 January of the following year. Retirees and surviving dependents are not allowed to enroll during Open Enrollment Periods, with the exception of those who suspended DoD HBP coverage to enroll in TRICARE-for-Life. During an Open Enrollment Period:

4.2.1. Eligible employees and their eligible dependents not already participating in the DoD HBP may enroll in either the DoD HBP or the SAD at this time.

4.2.2. Employees who are already enrolled in medical coverage under the DoD HBP may elect to add DoD HBP dental coverage; or they may drop their DoD HBP medical (and DoD HBP dental, if applicable) coverage altogether to enroll in SAD coverage only.

4.2.3. Employees enrolled in single coverage may change to family coverage, and vice versa.

4.2.4. Eligible employees and retirees living in areas covered by the Traditional- Indemnity Plan may opt into the PPO Network Plan that covers a nearby area, or reverse an earlier such decision and opt back into the Traditional-Indemnity Plan.

**4.3. Enrollment of Medicare-Eligible Retirees.**

4.3.1. Retirees living in a PPO network area who are eligible for Medicare due to age or disability, and have a covered dependent(s) not eligible for Medicare, may change their current medical coverage during the Open Enrollment Period under either the PPO Network Plan or Traditional-Indemnity Plan. The election is effective 1 January of the following year.

4.3.2. They may also make this election if they move from an area not covered by the PPO Network Plan to one that is. The election is effective 31 days after the move.

4.3.3. At this point, there is no further option to elect the PPO Network Plan.

**4.4. Enrollment of Dependents.**

4.4.1. Optional Dependent Enrollment. Employees may elect family coverage and cover eligible dependents under the DoD HBP, or SAD Plan, within 31 days of the employee's initial eligibility date.

4.4.2. Employees and retirees already enrolled in the DoD HBP may move from single to family coverage, or add a new dependent to their existing family coverage, within 31 days of a change in family status, e.g., marriage, birth or adoption. This also applies to the SAD Plan with the following exception: retirees are not eligible for SAD.

4.4.2.1. An employee's failure to change to family coverage or add a dependent within the 31-day eligibility period will require the employee to wait to increase coverage until the next Open Enrollment Period or a Special Enrollment Period.

4.4.2.2. Retirees or surviving dependents are not eligible for Open Enrollment Periods, with the exception of those who suspended DoD HBP coverage to enroll in TRICARE-for-Life. Retirees who fail to enroll a newly eligible dependent within 31 days following a change in family status are eligible to add the dependent only after a life-changing event covered by Special Enrollment Period rules; e.g., a change in family status, or the dependent's loss of other health insurance coverage.

4.4.2.3. If the surviving spouse remarries, neither the new spouse or any new dependents acquired by the remarriage are eligible for the DoD HBP.

#### **4.5. Required Dependent Enrollment Based on a Qualified Medical Child Support Order (QMCSO).**

4.5.1. DoD HBP will honor a court-issued QMCSO requiring an eligible employee or enrolled retiree to provide health coverage for dependents if they meet the DoD HBP definition of an eligible dependent. Coverage level under the plan is mandated by the terms of the court order. If an enrolled employee or retiree fails or refuses to enroll an eligible child as required by the QMCSO, the NAF-HR Section will automatically enroll them in family coverage. AFSVA/SVXHI will handle QMCSOs served on enrolled retirees. This health provision does not apply to retirees not already enrolled in the DoD HBP.

4.5.2. SAD Plan. The SAD Plan will also honor a court-issued QMCSO requiring an eligible employee to provide dental coverage for eligible dependents. Follow the same procedures as outlined in paragraph 4.5.1. This dental provision does not apply to retirees since they are not eligible for SAD coverage. **EXCEPTION:** If the court order states "health" or "medical" coverage and the employee is enrolled in SAD, then the employee must cancel the SAD coverage and enroll in the DoD HBP. In this case, the court order overrules enrollment procedures outlined in this AFI.

4.5.3. If the employee named in the QMCSO is eligible, but is not enrolled in the DoD HBP, upon coordination with the AFSVA Services Legal Office (AFSVA/JA), AFSVA/SVXHI, and the NAF-HR Section, the employee will enroll in the required coverage as ordered by the court. Coverage is effective on the date of the court order unless determined otherwise by the Chief, AFSVA/SVXHI.

#### **4.6. Special Enrollment Rules.**

4.6.1. Health Insurance Portability and Accountability Act (HIPAA) Special Enrollment Periods. As required by HIPAA, employees and dependents which decline enrollment because of other health insurance coverage may, if eligibility requirements are met, enroll in the DoD HBP within 31 days of the end of the other health plan coverage. Participating employees and retirees may also enroll eligible spouses and dependents acquired through marriage, birth, adoption, or placement for adoption within 31 days of the qualifying event. Employees may enroll themselves in family coverage in order to cover new dependents or provide coverage to dependents that have lost other health insurance. Retirees must already be enrolled in the DoD HBP (post-retirement medical coverage) in order to initiate or change dependent coverage.

4.6.1.1. SAD Plan. Enrolled employees may add new dependents to the plan within 31 days after a life-changing event. Eligible employees who waived or canceled coverage,

or who did not enroll new dependents when first eligible, must wait until the next Open Enrollment Period to join.

4.6.1.2. The effective date of coverage depends on the circumstance under which the employee is newly electing coverage, or the employee/retiree is increasing existing coverage. To determine the effective date, refer to the SPD.

4.6.1.3. Employees Affected by a Reduction in Hours Resulting from Troop Deployment. When troop deployment results in a personnel action that reduces an employee's employment category to flexible consequently the employee drops DoD HBP enrollment, the employee is permitted to re-enroll outside of an Open Enrollment Period if the following conditions are met:

4.6.1.3.1. The employee meets all normal eligibility requirements.

4.6.1.3.2. NAF-HR Section processes an AF Form 2545 change of employment category to regular status. (T-2)

4.6.1.3.3. The employee re-enrolls in the DoD HBP within 31 days from the effective date of the personnel action increasing the employee's hours; otherwise, the employee must wait until the next Open Enrollment Period. If the employee enrolls within the 31-day period as explained above, coverage is effective on the date of application, but not earlier than the date of change of employment category back to regular status.

## Chapter 5

### PROGRAM ADVERTISING

**5.1. The Carrier:** Updates the group insurance SPDs and prepares and distributes Open Enrollment Period materials.

**5.2. NAF-HR :** Are responsible for distributing and explaining the SPD contents and benefit materials to employees. (T-0)

**5.3. AFSVA/SVXHI:** Fulfills these responsibilities for retirees.

## Chapter 6

### PREMIUMS

**6.1. There are two enrollment classes, single and family.** Employee and retiree claims are pooled together within these classes to develop premiums. Premiums cover the cost of claims and Carrier administrative fees. The DoD HBP is contributory, meaning employees and retirees both pay a portion of the total premium cost.

**6.2. Employer and Employee Premium Sharing Arrangements for PPO Network, Traditional-Indemnity, and DoD HBP Dental Plans.** The employer's share of the PPO Network, Traditional-Indemnity, and DoD HBP Dental premiums is 70 percent. Employees and retirees pay 30 percent.

**6.3. SAD Plan.** Employees pay 100 percent of the premium. There is no employer contribution to this plan. Retirees are not eligible for the SAD Plan.

## Chapter 7

### LEAVE WITHOUT PAY (LWOP) COVERAGE

**7.1. During approved LWOP:** An employee may elect to continue coverage under the DoD HBP, provided he or she continues to pay the required employee share of the premium. Consequently, the employer will continue to pay the employer's share. (**EXCEPTION:** The SAD Plan is 100 percent employee-paid with no employer contribution.) This LWOP provision for insurance continuation also applies to employees placed on Workers' Compensation for a work-related accident or injury.

7.1.1. The coverage cannot be continued beyond 12 months from the date the LWOP began, except in the case of authorized LWOP for military service or in other circumstances considered appropriate by AFSVA/SVXHI. The NAF-HR Section should counsel the supervisor and employee prior to the LWOP period about continuing participation in the plan and the termination of coverage due to non-payment of contributions, as well as reinstatement of coverage opportunities.

7.1.2. When an employee in LWOP status fails to pay required contributions, coverage is canceled effective on the first day of the pay period following the pay period in which the employee failed to make a contribution.

7.1.2.1. The NAF-HR Section cancels the employee's coverage using the change form and sends it to the Carrier Eligibility Unit. The NAF-HR Section also notifies the SSC of the coverage cancellation using AF Form 2545.

7.1.2.2. File copies of the change form and personnel action in the employee's OPF.

7.1.3. Losing Coverage. Any employee losing group coverage due to the non-payment of contributions is not eligible for continuing coverage and may not re-enroll in the plan until the next Open Enrollment Period or a Special Enrollment Period, if applicable.

7.1.4. Disability Clause. Under the DoD HBP, the Program does not have a disability clause, which would allow employees to receive payments while out on disability. In other words, the Program does not offer an income replacement provision for disability. Instead, in place of short or long-term disability insurance, employees may use their annual or sick leave to be paid during the period of their disability; or if applicable, they may request approval through their supervisors and NAF-HR Section to be placed on leave-without-pay. Employees may also solicit request leave donations from eligible NAF employees via the Voluntary Leave Transfer Program to offset time away from duty.

**7.2. LWOP:** Due to Transfer with Head of Household. Regular employees on LWOP due to transfer with head of household are entitled to remain in the DoD HBP, including SAD, for up to 150 days to avoid a break in service. The NAF-HR Section should counsel employees prior to departure about continuing participation in the plan while on LWOP, continuing coverage programs upon expiration of the LWOP, termination of coverage due to nonpayment of contributions, as well as reinstatement of coverage opportunities. (T-0)

7.2.1. If the employee does not elect to continue participation in the plan, the NAF-HR Section cancels coverage using the change form and sends it to the Carrier Eligibility Unit.

The NAF-HR Section also notifies the SSC of the cancellation of coverage using AF Form 2545. (T-0)

7.2.1.1. The effective date of cancellation is the date the employee signs the change form.

7.2.1.2. File copies of the change form and personnel action in the employee's OPF.

7.2.2. If the employee *elects* to continue participation in the plan, the NAF-HR Section will suspend a copy of the change form for 150 days. (T-0)

7.2.2.1. The NAF-HR Section cancels coverage and notifies the SSC and the Carrier to cancel coverage when the employee reaches the end of the 150-day LWOP period; unless a gaining installation contacts the losing installation to request the employee's OPF and change form for purposes of continuing his/her coverage without a break. (T-0) Contact the AFSVA/SVXHI for special guidance for continuing the employee's coverage at the gaining installation without interruption. Otherwise, if canceling the employee's coverage because the 150-day LWOP period has expired, the effective date of cancellation is the date the employee lost LWOP eligibility.

7.2.2.2. If the employee fails to pay required contributions during the 150-day LWOP period, the NAF-HR Section cancels coverage effective on the first day of the pay period after the pay period that he or she failed to make a payment. Follow the normal instructions for notifying the SSC and the Carrier of the employee's cancellation of coverage.

**7.3. Rehiring and LWOP Employee.** If an employee is rehired in an eligible employment category before the expiration of the LWOP, the gaining NAF-HR Section will verify with the losing NAF-HR Section that the employee made all required contribution payments and that coverage was not terminated. (T-0)

7.3.1. If the employee's account is current, the gaining NAF-HR Section requests the employee's change form from the losing NAF-HR Section. The gaining NAF-HR Section updates the change form with the gaining installation's control-suffix-account number (group policy number), the effective date of the transaction, and the employee's new home address, and DoD HBP/SAD plan number; and sends a copy to the Carrier Eligibility Unit. The gaining NAF-HR Section notifies the SSC of the employee's continued enrollment using AF Form 2545 to start deductions. (T-0)

7.3.2. If the employee's account is not current and coverage has not yet been terminated, and if the employee is still eligible to remain in the plan, the employee must first make required retroactive contributions to the losing installation. The gaining NAF-HR Section verifies with the losing NAF-HR Section that the employee made all the required payments and follows the processing instructions in this AFI for notifying the SSC and the Carrier of the employee's continued enrollment at the gaining installation. (T-0)

**7.4. Coverage During Military Service.** The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) covers NAF employees who leave their jobs to perform duty with the Uniformed Services. Employees who are on LWOP while performing military duty may continue participation in the DoD HBP medical/dental plans for up to 24 months by paying the employee share of the applicable DoD HBP premium. In accordance with

USERRA, employees who elect not to continue DoD HBP coverage while on military duty are entitled to immediate reinstatement in the same DoD HBP coverage when they return to NAF employment without waiting for an Open Enrollment Period (in this case, coverage is reinstated effective on the date the employee returns to NAF duty).

7.4.1. Should an employee placed on military furlough be required to pay for coverage continuation, the NAF-HR Section will monitor the contributions for the duration of the military furlough period, and coordinate with the SSC, as necessary, to report any payment default or cancellation of coverage.

7.4.2. If the employee qualifies for the employer-paid premium benefit under the DoD HBP, the NAF-HR Section will notify the SSC using pre-established AFSVA procedures. At the minimum, the SSC should receive supporting documentation from the NAF-HR Section to start/stop the employer-paid premium benefit. Contact AFSVA/SVXHI for special guidance if the employee's military furlough period extends beyond 24 months. (T-2)

7.4.3. For reservists called to active duty on or after 14 September 2001 in support of a Contingency Operation, as defined in Section 101 (a)(13) of title 10, USC, the following special rules apply:

7.4.3.1. Military Reservists Serving in Contingency Operations. NAF employers shall pay the employee's share in addition to the employer's share of the DoD HBP premium for up to 24 months for enrolled employees called to active duty (voluntarily or involuntarily) in support of a Contingency Operation. To be eligible for this employer-pay-all premium provision, reservists must be placed on LWOP or separated from NAF employment to perform active duty for a period of more than 30 consecutive days. These provisions apply to employees enrolled in the DoD HBP who elect to continue the enrollment, and who are called to active duty on or after 14 September 2001.

7.4.3.2. Refer to the AFSVA pre-established instructions for application and processing procedures related to the employer-pay-all premium provision for military reservists serving in contingency operations. Go to the AFSVA website or contact AFSVA/SVXHI for an information copy.

## Chapter 8

### FAMILY AND MEDICAL LEAVE

**8.1. NAF employees:** Are covered by Public Law No. 1033, Family and Medical Leave Act of 1993 (FMLA). Under FMLA, eligible employees are entitled to a total of 12 administrative workweeks of unpaid leave during any 12-month period for specified family and medical needs. Refer to the AFSVA pre-established instructions for application and processing procedures related to the employer-pay-all premium provision for military reservists serving in contingency operations. Go to the AFSVA website or contact AFSVA/SVXHI for an information copy. (For military-related situations, eligible employees are entitled up to 26 administrative workweeks of unpaid leave during any 12-month period for specified family and medical needs.)

**8.2. During approved periods of FMLA leave:** Employees enrolled in the DoD HBP or the SAD Plan may continue their health and dental coverage.

8.2.1. Employee and employer contributions are shared according to guidelines established in this instruction.

8.2.2. Employees not continuing DoD HBP or SAD coverage while on FMLA leave are entitled to reinstatement as though they had continued in active employment rather than going on FMLA, provided they request such coverage within 31 days of the date FMLA terminates. If they miss the 31-day deadline to reenroll, they must wait until the next Open Enrollment Period.

## Chapter 9

### PORTABILITY MOVE FROM NAF TO APF.

**9.1. An enrolled NAF employee who moves to an APF position without a break in service of more than 3 days:** Shall continue existing health and dental coverage in the DoD HBP without charge to the employee for 31 days, or until the employee becomes covered under the FEHB Program; whichever comes first.

**9.2. This provision does not apply to the SAD Plan.** SAD coverage ends on the day the employee loses group eligibility or terminates NAF employment.

## Chapter 10

### COORDINATION OF BENEFITS FOR DOD HBP.

**10.1. Benefits payable under the DoD HBP** take into account any coverage an employee, retiree, or dependent has under any other group plan. The SPDs provide an explanation of how benefits are coordinated.

**10.2. Active Employees.** Benefits will be coordinated to ensure reimbursement to active employees under the DoD HBP take into account payments made by other group plans. Under this approach, active employees will not receive a total benefit greater than that provided under the DoD HBP plan.

**10.3. Retirees.** When retirees or their covered dependents are eligible for Medicare (whether or not enrolled in Medicare), DoD HBP benefits are secondary to Medicare. When retirees and their dependents become eligible for Medicare (whether or not enrolled in Medicare), health benefits from the DoD HBP will be offset by Medicare payments through the Government Exclusion approach to Coordination of Benefits, as explained in the SPDs. Medicare does not apply overseas; therefore, the Traditional-Indemnity Plan will be the primary payer of benefits.

## Chapter 11

### COVERAGE FOR ELIGIBLE ACTIVE EMPLOYEES AGE 65 AND OLDER

**11.1. At least 31 days before an enrolled employee in the DoD HBP reaches age 65:** DCPDS will generate a notice to the NAF-HR Section. The NAF-HR Section will contact the affected employee who must elect to either continue or cancel coverage under the DoD HBP. The NAF-HR Section will (T-0):

11.1.1. Instruct the employee to make the election, in writing, on the appropriate personnel form.

11.1.2. Advise the employee to promptly contact the Social Security Administration concerning eligibility and enrollment rules for Medicare, regardless of the employee's election to continue or discontinue enrollment in the DoD HBP.

**11.2. If the employee elects to continue participation in the DoD HBP:** The DoD HBP will be the primary payer of all claims, and Medicare will be the secondary payer as required by Federal law. The SPDs have more details and an explanation of any exceptions to this rule.

**11.3. If the employee elects to cancel coverage under the DoD HBP:** The employee's health coverage is limited to Medicare only. Inform the employee that his or her election to cancel coverage also cancels coverage at the same time for any dependents under the DoD HBP. Follow the instructions in this AFI for notifying the SSC and Carrier about the employee's cancellation of coverage under the DoD HBP.

## Chapter 12

### CONTINUATION OF COVERAGE FOR SURVIVING DEPENDENTS

**12.1. Eligible surviving dependents:** May continue DoD HBP coverage at a cost and length of time commensurate with the sponsoring employee's or retiree's PRM eligibility status or years of DoD HBP participation. AFSVA/SVXHI is office responsible for managing coverage for surviving dependents with regard to continuing DoD HBP benefits. NAF-HR Sections should immediately contact AFSVA/SVXHI for assistance when a surviving-dependent case arises. (T-2)

**12.2. Eligibility requirements for continuation of coverage for surviving dependents:** Are as follows:

12.2.1. Dependents. For the purpose of continuation of coverage for survivors, eligible dependents include children conceived before, and born after, the death of an employee or retiree. If the surviving spouse remarries, neither the new spouse nor any dependents acquired upon remarriage are eligible for the DoD HBP.

12.2.2. Dependent Participation Requirement. Surviving dependents must have been enrolled in the DoD HBP health and dental plans on the day of the employee's or retiree's death.

12.2.3. Employee Participation Requirement. The employee must have had a minimum of 90 days of participation in the DoD HBP. Enrollment in a NAF employer health plan existing before 1 January 2000 counts towards the participation requirement. Enrollment in the FEHB Program also counts toward the participation requirement if the employee moved from an APF position to a NAF position, after 1 January 1987, without a break in service of more than three days.

**12.3. Cost and Length of Coverage.**

12.3.1. The NAF employer will pay 100 percent of the health and dental premium for eligible survivors for the first four months of coverage following the employee's or retiree's death. Following the four months of employer-paid coverage, survivors are eligible to continue coverage as outlined in **Table 12.1**.

12.3.2. Coverage for a surviving spouse continues regardless of remarriage. Coverage for dependent children continues for the length of time (duration) provided in the **Table 12.1**., or until the child no longer meets the plan eligibility criteria; whichever comes first.

Table 12.1. Surviving Dependent Coverage

Surviving Dependent of:	Type and Length of Coverage:	Cost to Survivor:
1. An employee who: <ul style="list-style-type: none"> <li>a. Had less than 15 years of cumulative participation in the DoD HBP health plan</li> <li style="text-align: center;"><i>or</i></li> <li>b. Was not participating in the applicable defined benefit retirement plan at time of death.</li> </ul>	36-months total duration of coverage = medical only benefits. No dental.	No cost for first 4 months after the employee's death; <p style="text-align: center;"><i>then</i></p> Survivor pays the applicable TCC premium rate of 102 percent ( <i>employee/employer shares plus an administrative fee of 2 percent</i> ).
2. An employee who did not meet the PRM eligibility but: <ul style="list-style-type: none"> <li>a. Had 15 or more years of cumulative participation in the DoD HBP health plan</li> <li style="text-align: center;"><i>and</i></li> <li>b. Was participating in the applicable defined benefit retirement plan at time of death.</li> </ul>	Same health coverage as the employee.  Same dental coverage, if the employee also had 15 or more years cumulative participation in a DoD HBP dental plan.	No cost for first 4 months after the employee's death; <p style="text-align: center;"><i>then</i></p> Survivor pays the same premium rate as an active employee (30 percent).
3. A retiree receiving PRM, or an employee who met the PRM annuity/participation eligibility.  <u>Note:</u> A survivor retirement annuity is NOT required in order for the surviving dependent to continue DoD HBP health plan coverage.	Same health and dental coverage applicable to the retiree or employee.	No cost for first 4 months after the retiree's or employee's death; <p style="text-align: center;"><i>then</i></p> Survivor pays the applicable PRM premium rate (30 percent).

## Chapter 13

### TEMPORARY CONTINUATION OF COVERAGE (TCC)

**13.1. Plan participants who become ineligible to participate in the DoD HBP for any reason (other than termination for gross misconduct or cause):** May be eligible to continue coverage in the TCC Program of the DoD HBP. Special continuation of coverage provisions apply to surviving dependents of former employees/retirees enrolled in the DoD HBP. Refer to the DoD HBP Policy and the medical SPD for more details.

**13.2. DoD HBP Health Plans.** The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) requiring employers to provide temporary continuation of health benefits does not apply to the PPO Network and Traditional-Indemnity Plans.

13.2.1. Plan participants who become ineligible to participate in these plans are eligible for “COBRA- like” TCC as stated below. Plan participants cannot continue dental coverage under the TCC Program. Go to the AFSVA website or contact the AFSVA/SVXHI for the TCC application form and current rates, as well as basic instructions for processing a TCC request under the DoD HBP.

13.2.2. TCC does not apply to the SAD Plan.

13.2.3. Basic TCC Eligibility Requirements. Refer to the medical SPD for more information about the eligibility requirements, definitions, and TCC application timelines. The following participants are eligible for TCC:

13.2.3.1. Retirees. Employees who retire without obtaining eligibility for PRM Benefits.

13.2.3.2. Dependents. Dependents who lose DoD HBP coverage because the sponsoring employee or retiree lost coverage or who otherwise become ineligible to participate.

**13.3. TCC Length and Cost for DoD HBP Plan Participants.** Refer to [Table 13.1](#) for descriptions of length and cost of TCC for different circumstances.

13.3.1. Disabled Employees. Totally disabled employees receive up to 36 months of single or family TCC, as applicable. TCC ends before 36 months if the participant ceases to be totally disabled or becomes eligible for Medicare or other health coverage. Disabled employees with 5 or more years of cumulative DoD HBP participation will receive up to 12 months of continuing coverage at no charge if they meet the criteria. Participation includes enrollment in the DoD HBP, in a NAF Component health plan, and enrollment in the FEHB Program if the employee moved from an APF position to a NAF position, after 1 January 1987, without a break in service of more than 3 days. Refer to the medical SPD for definitions of total disability and procedures for providing proof of disability. The NAF-HR Section coordinates with AFSVA/SVXHI to enroll qualified employees, including dependents, in TCC disability coverage under the DoD HBP. (T-0)

13.3.2. Disabled Retirees Eligible for PRM. If a disabled retiree qualifies for continuing health benefits under PRM coverage, the individual will not be enrolled in disability TCC due to the limited duration of coverage under the TCC Program. Instead, disabled retirees eligible for PRM will receive continuing health benefits under the same conditions and for the same duration as non-disabled retirees. In certain cases where unusual circumstances

exist, totally disabled employees who retire with PRM coverage may receive up to 12 months free coverage, as determined by the NAF employer.

13.3.3. TCC Termination. Generally, TCC for DoD HBP participants may continue for up to 18 months from the date group eligibility ends. The TCC participant pays the full cost of the health premium, plus a two percent administrative fee. TCC benefits will terminate earlier than described in **Table 13.1** if the participant becomes eligible for Medicare or other health coverage, fails to pay required premiums by the due date, or voluntarily chooses to cancel coverage prior to the TCC expiration period.

**Table 13.1. TCC Health Plan**

<b>Eligible Individual:</b>	<b>Length of Health Plan Coverage:</b>	<b>Cost to Individual:</b>
1. Employee, retiree, or dependent meeting TCC criteria.	Up to 18 months from the date group coverage ends.	102 percent of the total premium cost ( <i>employee and employer shares, plus an administrative fee of 2 percent</i> ).
2. Totally disabled employee with less than 5 years of cumulative participation in the DoD HBP health plan.	Up to 36 months from the date group coverage ends.	102 percent of the total premium cost ( <i>employee and employer shares, plus an administrative fee of 2 percent</i> ).
3. Totally disabled employee with 5 or more years of cumulative participation in the DoD HBP health plan.  <u>Note:</u> TCC does NOT apply to disabled employees who are eligible to retire with PRM coverage.	Up to 36 months from the date group coverage ends.	No cost for first 12 months. NAF employer pays 102 percent of the total premium cost ( <i>employee and employer shares, plus an administrative fee of 2 percent</i> );  <i>then</i> TCC participant pays 102 percent of the total premium cost ( <i>employee and employer shares, plus an administrative fee of 2 percent</i> ) for up to 24 additional months.

13.3.4. Survivors of TCC Participants. Should a TCC participant (sponsor) with family coverage pass away, the surviving dependents are ineligible for continuation beyond the maximum length of coverage indicated in **Table 13.1**. In this case, under the TCC Program,

the TCC participant's death does not trigger an additional period of coverage under the TCC Program.

13.3.5. Special Considerations for Base Realignment and Closure (BRAC) and Workforce Reduction. In situations where an employee is separated from NAF employment because of BRAC or workforce reduction, the employer may pay the employer's share of the DoD HBP health premium and any applicable administrative fees for the employee for up to 18 months or the NAF Component may require the employee to pay the full cost of the coverage, including any applicable administrative fees. However, the employer may not pay any portion of the employee's share. Where the employee's separation is a direct result of an approved BRAC action, the employer may use APF BRAC accounts or NAF funds to pay the employer's share of the DoD HBP health premium and administrative fee. To be eligible, the employee affected by BRAC or workforce reduction must meet the following conditions:

13.3.5.1. Must have been separated by BBA or resign or retire (if not eligible for PRM) after receiving a BBA separation notice..

13.3.5.2. Must be enrolled in the DoD NAF HBP for at least 6 months and be enrolled at the time of separation by BBA.

## Chapter 14

### PERSONNEL ACTIONS

**14.1. Processing Personnel Actions within Payroll System.** The SSC processes transactions from DCPDS that begin, cancel, or change the employee and employer payroll deductions for group health and dental coverage. The SSC also processes any other health/dental insurance-related actions based upon information received from DCPDS. The effective date of the personnel form determines when deductions for coverage starts, stops, or changes.

14.1.1. For enrollments, payroll deductions start in the same pay period that an employee's coverage is effective.

14.1.2. For cancellations and terminations, including discontinuance of coverage at an employee's request, employee and employer contribution deductions are not taken for the last pay period that the insurance was in effect.

14.1.3. For a change that increases coverage from single to family coverage, or from health-only to health and dental coverage, payroll deductions for the increased coverage begin with the pay period during which the change becomes effective. The effective date of the insurance change depends on the event which prompted the employee's opportunity to increase coverage, such as a newly eligible dependent, an Open Enrollment Period, or a Special Enrollment Period due to a life-qualifying event.

14.1.4. For a change that decreases coverage from family to single coverage, or from health and dental to health-only coverage, employee and employer contributions are not taken for the last pay period such coverage was in effect. The effective date of the insurance change depends on the event that prompted the employee's opportunity to decrease coverage such as an ineligible dependent, death, divorce, an Open Enrollment Period, or upon the employee's request.

**14.2. Performing Routine Insurance Audits/Reconciling Reports.** The NAF-HR Section will reconcile the biweekly group insurance enrollment/deduction report generated by the SSC with health/dental insurance-related actions submitted on AF Forms 2545, and take corrective action in DCPDS or through the SSC or the Carrier, as required. (T-2)

14.2.1. If an insurance correction for a refund or deduction applies to two pay periods or less, errors are corrected through the payroll system using current AFSFMS payroll procedures.

14.2.2. If an insurance correction is for more than two pay periods, the SSC in coordination with the NAF-HR Section, will provide the following information to AFSVA/SVXHI for review and corrective action. (T-2)

14.2.2.1. Explanation of the problem and include the NAFI Cash Management Investment Program (CMIP) number and the pay periods involved.

14.2.2.2. Copies of the previous AF Form 2545 reflecting the effective date of the "incorrect" erroneous information (group insurance plan code or effective date, etc.) and the new AF Form 2545 reflecting the correct effective date of the "correction." Also

include copies of supporting documents reflecting the employee's enrollment, change, cancellation, or waiver of insurance, as applicable.

14.2.2.3. Worksheets by pay period indicating, the amounts actually paid by the employee and employer, along with the amounts that should have been paid by both parties. (Take into account any rate changes that may have occurred under the DoD HBP or SAD Plan.)

14.2.2.4. Name, social security number, and home address of the employee involved.

14.2.2.5. The NAF-HR Section will notify the employee of the corrective action, including the related refund or retroactive amount due, and the procedures for requesting a waiver of indebtedness for retroactive contribution cases in accordance with AFMAN 34-212, *Control Procedures for Protecting NAF Assets*. (T-2)

**14.3. Contribution Shortages.** The NAF-HR Section will coordinate with the SSC, and review any available arrearage/shortage reports generated by the SSC and also initiate some method of contact or notice when an employee's pay is insufficient to cover his/her share of the group health/dental premium. This is especially important as most premium arrearages/shortages typically occur when an employee goes on LWOP (including LWOP related to workers' compensation) or furlough. (T-2)

14.3.1. If the employee pays the shortage no later than the pay period following the one in which the shortage occurred, the SSC processes the collection for the next pay period. Coverage continues without interruption.

14.3.2. If the employee fails to pay the shortage by the pay period following the one in which the shortage occurred, the NAF-HR Section contacts the employee to determine payment status. If no resolution occurs, the NAF-HR Section immediately cancels coverage due to nonpayment. The effective date of cancellation is the first day of the pay period immediately following the default pay period. (T-2)

14.3.2.1. The NAF-HR Section completes the coverage cancellation form (change form) and forwards it to the Carrier Eligibility Unit. (T-0)

14.3.2.2. The NAF-HR Section processes an AF Form 2545 to notify the SSC of the employee's cancellation of group health/dental coverage and files copies of both forms in the employee's OPF. (T-0)

#### **14.4. Reviewing Eligibility During Leave-Without-Pay (LWOP).**

14.4.1. Employees may continue coverage in the DoD HBP during a period of approved LWOP, provided they continue to pay their share of the employee contribution; consequently, the employer (NAFI) continues to pay the employer's share. Coverage remains in effect as long as the respective shares are paid. **EXCEPTION:** The SAD Plan is 100 percent employee-paid with no employer contribution.

14.4.2. The NAF-HR Section will coordinate with the SSC when an employee on LWOP fails to pay the required contributions or reaches the maximum period for participation as defined below: (T-2)

14.4.2.1. An employee on LWOP (for reasons other than illness or injury) is entitled to remain in the DoD HBP for 12 months unless AFSVA/SVXHI grants an extension.

14.4.2.2. An employee on LWOP due to transfer with head of household is entitled to remain in the DoD HBP for a maximum of 150 calendar days.

14.4.2.3. An employee on LWOP due to military furlough is entitled to remain in the DoD HBP for a maximum of 24 months. The NAF-HR Section follows the instructions in paragraphs 7.4 thru 7.4.3.2.

14.4.2.3.1. Should an employee placed on military furlough be required to pay for coverage continuation, the NAF-HR Section will monitor the contributions for the duration of the military furlough period, and coordinate with the AFSVA SSC, as necessary, to report any payment default or cancellation of coverage. Otherwise, if the employee qualifies for the employer-paid premium benefit under the DoD HBP, the NAF-HR Section will notify the AFSVA SSC. At the minimum, the AFSVA SSC should receive supporting documentation from the NAF-HR Section to start/stop the employer-paid premium benefit. Contact the AFSVA Insurance Branch for special guidance if the employee's military furlough period extends beyond 24 months.

DANIEL R. SITTERLY, SES, SAF/MR  
Principal Deputy Assistant Secretary (Manpower  
and Reserve Affairs)

**Attachment 1****GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION*****References***

DoDI 1400.25, V1408, *DoD Civilian Personnel Management System: Insurance and Annuities for Nonappropriated Fund (NAF) Employees*, July 21, 2009

AFPD 34-3, *Nonappropriated Funds Personnel Management and Administration*, 19 July 2012

AFI 33-360, *Publications and Forms Management*, 25 September 2013

AFI 34-301, *Nonappropriated Fund Personnel Management and Administration*, 16 April 2013

AFI 34-307, *Nonappropriated Fund Flexible Benefits Plan*, 16 May 2011

AFMAN 33-363, *Management of Records*, 1 March 2008

AFMAN 34-212, *Control Procedures for Protecting NAF Assets*, 01 September 1995

AFMAN 34-310, *Nonappropriated Fund Personnel Program Management and Administration Procedures*, 28 September 2011

***Adopted Forms***

AF Form 847, Recommendation for Change of Publication

AF Form 2545, NAFI Notification of Personnel Action

***Abbreviations and Acronyms***

**AF**—Air Force

**AFI**—Air Force Instruction

**AFIF**—Air Force Insurance Fund

**AFMAN**—Air Force Manual

**AFRIMS**—Air Force Records Information Management System

**AFSFMS**—Air Force Services Financial Management System (Payroll System)

**AFSVA**—Air Force Services Activity

**AFSVA/JA**—Air Force Services Activity, (Services Legal Office)

**AFSVA/SVXHI**—Air Force Services Activity (Insurance Branch)

**APF**—Appropriated Fund

**BBA**—Business Based Action

**BRAC**—Base Realignment and Closure

**COBRA**—Consolidated Omnibus Budget Reconciliation Act

**CMIP**—Cash Management Investment Program

**CSRS**—Civil Service Retirement System

**DCPAS**—Defense Civilian Personnel Advisory Service  
**DCPDS**—Defense Civilian Personnel Data System  
**DoD**—Department of Defense  
**FBP**—Flexible Benefits Plan  
**FEHBP**—Federal Employees Health Benefits Program  
**FERS**—Federal Employees Retirement System  
**FMLA**—Family and Medical Leave Act  
**HBP**—Health Benefits Program  
**HIPAA**—Health Insurance Portability and Accountability Act  
**HMO**—Health Maintenance Organization  
**LES**—Leave and Earnings Statement  
**LWOP**—Leave Without Pay  
**NAF**—Nonappropriated Fund  
**NAFI**—Nonappropriated Fund Instrumentality  
**NAF**—HR-Nonappropriated Fund Human Resources Section  
**OPF**—Official Personnel Folder  
**OPR**—Office of Primary Responsibility  
**PPO**—Preferred Provider Organization  
**PRM**—Post-Retirement Medical/Dental Coverage  
**QMCSO**—Qualified Medical Child Support Order  
**RDS**—Records Disposition Schedule  
**SAD**—Stand Alone Dental  
**SOFA**—Status of Forces Agreement  
**SPD**—Summary Plan Description  
**SSC**—Shared Service Center (Payroll Branch)  
**TCC**—Temporary Continuation of Coverage  
**UFM**—Uniform Funding and Management Program  
**USERRA**—Uniformed Services Employment and Reemployment Rights Act