



United States Office of Personnel Management
Healthcare and Insurance

Benefits Administration Letter

Number: 24-203

Date: November 18, 2024

Subject: Guidance for Agencies other than the United States Postal Service (USPS) and Agencies that Service USPS Employees and Annuitants Regarding the Postal Service Health Benefits (PSHB) Program

This BAL outlines the impacts of the PSHB Program for agencies other than USPS and agencies that service USPS employees and annuitants, and how PSHB may affect employees (USPS and non-USPS) eligible for the Federal Employees Health Benefits (FEHB) Program.

The Postal Service Reform Act (PSRA) of 2022 directs OPM to establish the PSHB Program within the FEHB Program. Beginning January 1, 2025, the PSHB Program will provide health benefits coverage for eligible USPS employees, annuitants, and their eligible family members. USPS subscribers will lose FEHB coverage at the end of the 2024 Plan Year and will be enrolled in new plans under the PSHB Program starting in the 2025 Plan Year.

Agencies other than USPS and agencies that service USPS employees and annuitants may be impacted by the PSHB Program in certain situations, as outlined below. OPM is committed to ensuring that these agencies are aware of the requirements and opportunities available to employees. These agencies should be prepared to process FEHB enrollments in accordance with the details outlined in this BAL as well as to provide guidance to employees as to their options.

Opportunity to Enroll in an FEHB plan for Employees and Annuitants of Agencies other than USPS Currently Covered as an Eligible Family Member by a USPS Subscriber

Open Season 2024 for the 2025 plan year

A Postal Service employee or Postal Service annuitant who is currently the subscriber in an FEHB plan covering a non-USPS agency family member eligible for FEHB plan enrollment, may choose to be covered as an eligible family member through an employee or annuitant of an agency other than USPS under an FEHB plan. Due to the loss of FEHB coverage for the Postal Service employee or Postal Service annuitant beginning January 1, 2025, the FEHB eligible family member currently covered under the Postal Service employee or Postal Service annuitant's enrollment will experience Qualifying Life Event (QLE) 1M for loss of coverage and be permitted to enroll in an FEHB plan. The Postal Service employee or Postal Service annuitant can then be covered under that person's FEHB plan as an eligible family member and avoid (or "prevent") a gap in coverage. Agencies should ensure that employees or annuitants in this situation have this option available.

PSHB coverage begins on January 1, 2025. The effective date of PSHB enrollments and enrollment changes made during subsequent open seasons will be January 1st, which differs from the current effective date schedule for FEHB. An Open Season election for an employee or annuitant with an agency other than USPS who is FEHB enrolled (or "eligible") will be effective January 12, 2025. FEHB coverage for Postal Service employees and Postal Service annuitants will end at 11:59 PM on December 31, 2024. We recommend employees or annuitants of agencies other than USPS who choose to enroll in an FEHB plan instead of transitioning to a PSHB plan under a Postal Service employee or Postal Service annuitant strongly consider enrolling in an FEHB plan with a QLE to avoid a gap in coverage as opposed to making an Open Season election in 2024. The employee or annuitant can enroll in FEHB with a QLE beginning 31 days before the loss of coverage under the USPS subscriber.

To prevent a gap in coverage with the least amount of overlapping enrollment, the family member should be enrolled as a QLE in an FEHB plan, so it is effective in December 2024, the time closest to January 1, 2025. The enrollment action should be

submitted December 15, 2024, through December 28, 2024. This will make the election effective December 29, 2024, effective before the USPS subscriber loses coverage under the FEHB plan but with the least amount of overlapping enrollment.

Please note that during Open Season other types of QLEs may still take place. The opportunity to change from a planned PSHB enrollment for plan year 2025 to an FEHB plan may be completed using QLE 1M, Loss of Coverage, prior to the PSHB Open Season effective date, to avoid a gap in coverage for the PSHB enrollee. This is used to ensure coverage is effective prior to January 1 to avoid a gap in coverage for the PSHB enrollee. Additional guidance will be forthcoming for future plan years.

Please refer to [BAL 24-201](#) for guidance on reviewing family member eligibility for FEHB Open Season actions. If ineligible family members are found, employing offices must follow instructions in [BAL 20-203](#) for removing an ineligible family member.

Agency Transfers to and from USPS

An employee enrolled in an FEHB plan who transfers to USPS from another agency will lose coverage under their FEHB plan. Likewise, a covered employee transferring from USPS to another agency will lose coverage under PSHB. An employee in either of these situations will need to enroll in the appropriate PSHB/ FEHB plan to have coverage. Coverage can no longer be transferred for an employee with a break in service of 3 days or less. If the individual was covered by an FEHB or PSHB plan at the prior agency at the time of transfer, they will be eligible for QLE 1M for loss of coverage to enroll at the new agency.

The current policy for an employee who elected not to enroll will remain the same. If an employee elected not to enroll in FEHB or PSHB coverage at the agency they are transferring from, a QLE has not been experienced, and they will not receive a new opportunity to enroll. The employee will need to wait until Open Season unless they experience a separate QLE.

Re-Employed Annuitants

Re-employed annuitants who retire from USPS and become employed by another agency will be enrolled in an FEHB plan during their re-employment period if their

annuity terminates and they are eligible for health insurance with their new position. If their annuity continues or is suspended and they are eligible for health insurance with their new position, they have the option to waive or participate in premium conversion.

The USPS annuitant who becomes employed by another agency prior to January 1, 2025, will continue their FEHB coverage if they elect to participate in premium conversion. If they elect to waive premium conversion, they will continue their FEHB coverage until they are enrolled in a PSHB plan for Open Season 2024. If the new position is a non-covered position or a position that does not convey FEHB eligibility, but the annuitant is still eligible through their retirement, they will remain in their FEHB plan until they are enrolled in a PSHB plan for Open Season 2024.

The USPS annuitant who becomes employed by another agency on January 1, 2025, or later will be covered by their FEHB plan through that agency if they elect to participate in premium conversion. If they elect to waive premium conversion, they will continue their PSHB coverage with premiums deducted from their annuity. If the new position is a non-covered position or a position that does not convey FEHB eligibility, but the annuitant has insurance through their retirement, they would remain in their PSHB plan.

Additional Information

For questions regarding the information in this BAL, please contact your Agency's Headquarters Benefits Officer.

Sincerely,

Laurie Bodenheimer
Associate Director
Healthcare and Insurance (HI)