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JUL 6 - 1976

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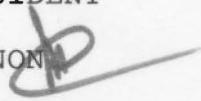
ACTION

THE WHITE HOUSE
WASHINGTON
July 2, 1976

Last Day: July 7

Posted
7/7

Archives
7/7

MEMORANDUM FOR	THE PRESIDENT
FROM:	JIM CANNON 
SUBJECT:	H.R. 11439 - Health insurance coverage for certain civil service survivor annuitants

Attached for your consideration is H.R. 11439, sponsored by Representative White and eleven others.

Under current retirement law, a civil service survivor annuity is terminated if the survivor remarries before age 60, but is restored when the remarriage is dissolved by death, divorce or annulment. Such restoration does not enable the annuitant restoration of the right to health plan coverage under the Federal Employees Health Benefits program,

The enrolled bill would give the survivor annuitants the opportunity to reenroll in an FEHB plan in the event their annuities are restored.

Additional information is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Lazarus) and I recommend approval of the enrolled bill.

RECOMMENDATION

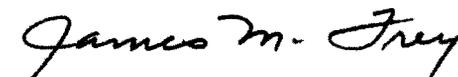
That you sign H.R. 11439 at Tab B.



A

CSC's views letter on H.R. 11439 points out that survivor annuitants who remarry after age 60 lose neither their annuities nor their health insurance coverage, and states that the failure of present law to reinstate the right to elect FEHB coverage in "restored" annuity cases is an oversight which produces inequities and hardships for the affected annuitants. CSC states that many of the annuitants are advanced in age, with no income apart from the survivor annuity. They are unable to acquire health insurance coverage through employment, and are unable to pay medical expenses, which normally increase with age. Because of their age and state of health, such annuitants also find it difficult to purchase private health insurance coverage.

The enrolled bill would be effective October 1, 1976, and would apply to survivors whose annuities are restored before, on, or after such date. CSC estimates a relatively small additional cost to the Government, which contributes 60% toward the cost of employee/retiree health insurance; for example, if the total number of restorations reaches 1,000, the additional cost would be approximately \$415,000 annually.


Assistant Director for
Legislative Reference

Enclosures

B

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 1

Time: 130pm

FOR ACTION: **Dick** **Phissy** *pb*
 Max Friedersdorf *cc* (for information): Jack Marsh
 Ken Lazrus *ph* Jim Cavanaugh
 Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: July 2

Time: noon

SUBJECT:

H.R. 11439 - Health insurance coverage
for certain civil service annuitants

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

please return to judy johnston, ground floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President



UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

CHAIRMAN

June 25, 1976

Honorable James T. Lynn
Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for
Legislative Reference

Dear Mr. Lynn:

This is in reply to your request for the Commission's views on enrolled bill H.R. 11439, "To amend title 5, United States Code to restore eligibility for health benefits coverage to certain individuals whose survivor annuities are restored."

Public Law 89-504, enacted July 18, 1966 provided that a survivor annuity which had been terminated by remarriage on or after that date could be restored upon termination of the remarriage. The law, however, probably through oversight, made no provision for restoration of health benefits coverage when the survivor annuity was restored.

H.R. 11439 would provide that any survivor annuitant covered under the Federal Employees Health Benefits Program (FEHB) at the time his (her) survivor annuity was terminated because of remarriage would be eligible to reenroll in one of the FEHB plans in the event the survivor annuity was restored because of dissolution of the remarriage or pursuant to other applicable law.

Many of the individuals who would be affected by enactment of the enrolled bill are advanced in years and have no income other than their restored survivor annuity. Thus, they are not in a position to acquire coverage as an employee or to earn money to pay medical expenses which normally increase with age. Additionally, some may find it difficult or even impossible to obtain adequate private health benefits coverage because of their age or state of health.

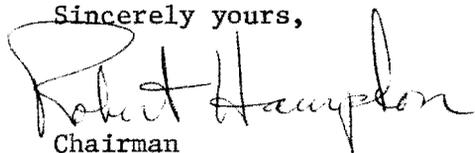
Under the provisions of P.L. 89-504, survivor annuitants who remarry after July 18, 1966 and after attainment of age 60 do not lose either their survivor annuity or their health benefits coverage. It appears to be a matter of equity, therefore, that those survivors whose annuities have been restored because of termination of their remarriage should also be eligible for coverage under the FEHB program.

Although we do not have a count of the number who would be affected by enactment of the enrolled bill, the cost would be relatively small. For example, if the total number should reach 1000 restorations we estimate that the annual Government increase would be approximately \$415,000.

Accordingly, the Commission recommends that the President sign the enrolled bill, H.R. 11439.

By direction of the Commission:

Sincerely yours,

A handwritten signature in cursive script that reads "Robert Hampton". The signature is written in dark ink and is positioned above the printed name "Chairman".

Chairman

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 1

Time: 130pm

FOR ACTION: David Lissy
Max Friedersdorf
Ken Lazarus

cc (for information): Jack Marsh
Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: July 2

Time: noon

SUBJECT:

H.R. 11439 - Health insurance coverage
for certain civil service annuitants

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

please return to judy johnston, ground floor West Wing

No objection -- Ken Lazarus 6/27/76

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

1 James M. Cannon
1 For the President
1

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 1

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FOR ACTION: David Lissy
Max Friedersdorf
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for certain civil service annuitants

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

please return to judy johnston, ground floor West Wing

*SMW
Bill [Signature]*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

1 James M. Cannon
1 For the President
1

H. R. 11439

Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,
one thousand nine hundred and seventy-six*

An Act

To amend title 5, United States Code, to restore eligibility for health benefits coverage to certain individuals whose survivor annuities are restored.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 8908 of title 5, United States Code, is amended—

- (1) by inserting “(a)” immediately before “An employee”;
- (2) by adding at the end thereof the following new subsection:

“(b) A surviving spouse whose survivor annuity under this title was terminated because of remarriage and is later restored may, under such regulations as the Civil Service Commission may prescribe, enroll in a health benefits plan described by section 8903 of this title if such spouse was covered by any such plan immediately before such annuity was terminated.”; and

- (3) in the section caption, by striking out “employee” and inserting in lieu thereof “employees and survivor annuitants”.

(b) The item relating to section 8908 appearing in the analysis of chapter 89 of title 5, United States Code, is amended to read as follows:

“8908. Coverage of restored employees and survivor annuitants.”

SEC. 2. The amendments made by the first section of this Act shall take effect on October 1, 1976, or on the date of the enactment of this Act, whichever date is later. Such amendments shall apply with respect to individuals whose survivor annuities are restored before, on, or after such date.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

HEALTH BENEFITS COVERAGE FOR CERTAIN
SURVIVOR ANNUITANTS

FEBRUARY 9, 1976.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. WHITE, from the Committee on Post Office and Civil Service,
submitted the following

REPORT

[To accompany H.R. 11439]

The Committee on Post Office and Civil Service, to whom was referred the bill (H.R. 11439) to amend title 5, United States Code, to restore eligibility for health benefits coverage to certain individuals whose survivor annuities are restored, having considered the same, report favorably thereon with an amendment and recommend that the bill do pass.

The amendment is as follows:

Page 2, line 8, strike out "employee" and insert "employees".

EXPLANATION OF AMENDMENT

The committee amendment corrects a typographical error in the printing of the bill.

PURPOSE

The sole purpose of H.R. 11439 is to restore eligibility for health benefits coverage to certain civil service survivor annuitants whose annuities are restored.

COMMITTEE ACTION

H.R. 11439 was ordered reported by a unanimous voice vote of the Committee on Post Office and Civil Service on January 29, 1976.

The Subcommittee on Retirement and Employee Benefits held public hearings on a similar bill, H.R. 10622 (Serial No. 94-57), on December 2 and 4, 1975. All witnesses testified in favor of enactment. The provisions of H.R. 11439 were approved unanimously by the subcommittee on December 8, 1975.

BACKGROUND

In 1966 the civil service retirement law was amended to permit surviving spouses of deceased Federal employees to remarry, after reaching age 60, without losing entitlement to their survivor annuities. The same law (Public Law 89-504) allowed survivors whose annuities were terminated because of remarriage prior to age 60 to have their annuities restored upon termination of the remarriage by death, annulment, or divorce. However, through oversight, Public Law 89-504, did not provide for restoration of health benefits coverage in cases where the survivor annuity is restored upon dissolution of a remarriage. Under the Federal employees health benefits program (chapter 89 of title 5, United States Code), a survivor whose annuity is terminated automatically loses eligibility for health benefits coverage.

STATEMENT

H.R. 11439 corrects the inequity in existing law by providing that any survivor annuitant who was covered under the Federal employees health benefits program at the time his or her annuity was terminated because of remarriage may reenroll in one of the health benefits plans under such Program in the event the survivor annuity is restored.

Many of the survivor annuitants who would be affected by the enactment of this legislation are advanced in years and have no income other than their restored survivor annuity. Thus, they are unable to acquire health insurance coverage through employment and are unable to pay medical expenses which normally increase with age. Additionally, many find it extremely difficult, if not impossible, to obtain private health insurance coverage because of their age or state of health.

Since the enactment of Public Law 89-504, survivor annuitants who have remarried after attaining age 60 have been allowed to retain their survivor annuities and health benefits coverage. Clearly, there can be no justification for failing to restore health benefits coverage to those survivors whose annuities have been restored upon termination of their remarriage. This view is shared by the Civil Service Commission which, in its report of December 1, 1975, advised the committee as follows:

Under the provisions of Public Law 89-504, survivor annuitants who remarry after July 18, 1966, and after attainment of age 60 do not lose either their survivor annuity or their health benefits coverage. It would appear to be a matter of equity, therefore, that those survivors whose annuities have been restored because of termination of their remarriage should also be eligible for coverage under the FEHB program.

This committee firmly believes that action to eliminate the inequity in existing law is long overdue and unanimously recommends passage of H.R. 11439.

SECTION ANALYSIS

The first section of the bill amends section 8908 of title 5, United States Code, by designating the existing provisions of that section as

subsection (a) and by adding a new subsection (b) at the end thereof. Under the provisions of the new subsection (b), a surviving spouse whose survivor annuity was terminated because of remarriage and is later restored may, under such regulations as the Civil Service Commission may prescribe, enroll in a health benefits plan described under section 8903 of title 5. However, this benefit extends only to a surviving spouse who was covered by a health benefits plan under section 8903 immediately before his or her survivor annuity was terminated because of remarriage.

It is important to note that subsection (b) does not, in and of itself, automatically restore health benefits coverage to a survivor whose annuity has been restored. Rather, this provision allows the survivor annuitant to enroll in one of the available health benefits plans. Thus, the survivor whose annuity is restored must take affirmative action to obtain restoration of health benefits coverage under the Federal employees program.

Section 2 of the bill provides that the amendments made by the first section shall take effect on October 1, 1976, or on the date of the enactment of the act, whichever date is later.

This section further provides that the amendments shall apply to survivors whose annuities are restored before, on, or after the effective date of the amendments. Thus, the amendments will apply to any eligible surviving spouse whose annuity was terminated because of remarriage and is later restored, regardless of the dates such termination and restoration occurred.

Cost

The Civil Service Commission was unable to furnish the committee with information as to the actual number of survivor annuitants who would be affected by this legislation. However, if the number should reach 1,000, the cost to the Government resulting from the enactment of this legislation is estimated to be approximately \$415,000 for fiscal year 1977 and for each of the 4 fiscal years thereafter.

COMPLIANCE WITH CLAUSE 2(1)(3) OF HOUSE RULE XI

With respect to the requirements of clause 2(1)(3) of House Rule XI—

(a) the Subcommittee on Retirement and Employee Benefits is vested under committee rules with legislative and oversight jurisdiction over the subject matter of H.R. 11439 and concluded that the law should be amended in the manner provided under this legislation;

(b) this legislation does not provide new budget authority or new or increased tax expenditures for a fiscal year, and, therefore, no statement is required pursuant to section 308(a) of the Congressional Budget Act of 1974;

(c) no estimate or comparison of costs has been received by the committee from the Director of the Congressional Budget Office, pursuant to section 403 of the Congressional Budget Act of 1974; and

(d) the committee has received no report from the Committee on Government Operations of oversight findings or recommendations arrived at pursuant to clause 2(b)(2) of House Rule X.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(1)(4) of House Rule XI, the committee has concluded that the enactment of H.R. 11439 will have no inflationary impact on the national economy.

AGENCY VIEWS

The report of the United States Civil Service Commission on H.R. 10622, a bill similar to H.R. 11439, is set forth below.

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D.C., December 1, 1975.

HON. DAVID N. HENDERSON,
Chairman, Committee on Post Office and Civil Service, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further reply to your request for the Commission's views on H.R. 10622, a bill "To amend title 5, United States Code, to provide for the restoration of health benefits coverage in certain cases of restored survivor annuity."

Public Law 89-504, enacted July 18, 1966 provided that a survivor annuity which had been terminated by remarriage on or after that date could be restored upon termination of the remarriage. The law, however, made no provision for restoration of health benefits coverage when the survivor annuity was restored.

H.R. 10622, if enacted, would provide that any survivor annuitant covered under the Federal employees health benefits program (FEHB) at the time his (her) survivor annuity was terminated because of remarriage would be eligible to re-enroll in one of the FEHB plans in the event the remarriage was terminated and the survivor annuity restored.

Many of the individuals who would be affected by enactment of H.R. 10622 are advanced in years and have no income other than their restored survivor annuity. Thus, they are not in a position to acquire coverage as an employee or to earn money to pay medical expenses which normally increase with age. Additionally, some may find it difficult or even impossible to obtain adequate private health benefits coverage because of their age or state of health.

Under the provisions of Public Law 89-504, survivor annuitants who remarry after July 18, 1966 and after attainment of age 60 do not lose either their survivor annuity or their health benefits coverage. It would appear to be a matter of equity, therefore, that those survivors whose annuities have been restored because of termination of their remarriage should also be eligible for coverage under the FEHB program.

Although we do not have a count of the number who would be affected by enactment of H.R. 16022, the cost would be relatively small. For example, if the total number should reach 1,000 restorations we estimate that the annual Government increase would be \$415,000 if medicare remains primary, or \$443,000 if FEHB becomes primary.

For these reasons the Commission would not oppose enactment of H.R. 16022.

The Office of Management and Budget advises that from the standpoint of the administration's program there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

JAYNE B. SPAIN,
Acting Chairman.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

TITLE 5, UNITED STATES CODE

* * * * *

CHAPTER 89--HEALTH INSURANCE

Sec.	
8901.	Definitions.
8902.	Contracting authority.
8903.	Health benefits plans.
8904.	Types of benefits.
8905.	Election of coverage.
8906.	Contributions.
8907.	Information to employees.
8908.	Coverage of restored [employee] <i>employees and survivor annuitants.</i>
8909.	Employees Health Benefits Fund.
8910.	Studies, reports, and audits.
8911.	Advisory committee.
8912.	Jurisdiction of courts.
8913.	Regulations.

* * * * *

§ 8908. Coverage of restored [employee] *employees and survivor annuitants*

(a) An employee enrolled in a health benefits plan under this chapter who is removed or suspended without pay and later reinstated or restored to duty on the ground that the removal or suspension was unjustified or unwarranted may, at his option, enroll as a new employee or have his coverage restored, with appropriate adjustments made in contributions and claims, to the same extent and effect as though the removal or suspension had not taken place.

(b) *A surviving spouse whose survivor annuity under this title was terminated because of remarriage and is later restored may, under such regulations as the Civil Service Commission may prescribe, enroll in a health benefits plan described by section 8903 of this title if such spouse was covered by any such plan immediately before such annuity was terminated.*

* * * * *

○

HEALTH BENEFITS COVERAGE FOR CERTAIN SURVIVOR ANNUITANTS

MAY 13, 1976.—Ordered to be printed

Mr. MCGEE, from the Committee on Post Office and Civil Service,
submitted the following

REPORT

[To accompany H.R. 11439]

The Committee on Post Office and Civil Service, to which was referred the bill (H.R. 11439) to amend title 5, United States Code, to restore eligibility for health benefits coverage to certain individuals whose survivor annuities are restored having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE

The purpose of H.R. 11439 is to authorize the restoration of health benefits coverage to certain recipients of civil service survivor annuities whose annuities are restored.

STATEMENT

H.R. 11439 provides for the restoration of health benefits coverage for any recipient of a civil service survivor annuity whose coverage under the health benefits program was terminated because of remarriage but whose annuity has been restored.

With the enactment of Public Law 89-504, survivor annuitants who remarry after attaining 60 years of age are permitted to retain their survivor annuities and health benefits coverage. Also, survivors whose annuities cease because of remarriage prior to age 60 are entitled to have their annuities restored upon termination of the remarriage. However, Public Law 89-504 failed to make provision for restoration of health benefits coverage, which is automatically terminated when an annuitant loses eligibility for survivor annuity benefits.

Many of the survivor annuitants affected by this bill have no income but their annuities, are unable to acquire health insurance coverage

through employment, and encounter medical expenses which often accompany advancing age. The Committee believes the failure to provide for restoration of their health benefits coverage was an oversight which should be corrected.

COMMITTEE ACTION

H.R. 11439 was approved by the Committee on May 11, 1976, by a voice vote, no objection being heard.

SECTIONAL ANALYSIS

The first section of the bill amends section 8909 of title 5, United States Code, by designating the existing provisions of that section as subsection (a) and by adding a new subsection (b) at the end thereof. Under the provisions of the new subsection (b), a surviving spouse whose survivor annuity was terminated because of remarriage and is later restored may, under such regulations as the Civil Service Commission may prescribe, enroll in a health benefits plan described under section 8903 of title 5. However, this benefit extends only to a surviving spouse who was covered by a health benefits plan under section 8903 immediately before his or her survivor annuity was terminated because of remarriage.

It is important to note that subsection (b) does not, in and of itself, automatically restore health benefits coverage to a survivor whose annuity has been restored. Rather, this provision allows the survivor annuitant to enroll in one of the available health benefits plans. Thus, the survivor whose annuity is restored must take affirmative action to obtain restoration of health benefits coverage under the Federal employees program.

Section 2 of the bill provides that the amendments made by the first section shall take effect on October 1, 1976, or on the date of the enactment of the act, whichever date is later.

This section further provides that the amendments shall apply to survivors whose annuities are restored before, on, or after the effective date of the amendments. Thus, the amendments will apply to any eligible surviving spouse whose annuity was terminated because of remarriage and is later restored, regardless of the dates such termination and restoration occurred.

Cost

The Civil Service Commission, although it does not have an accurate count of the number of individuals who would be affected by enactment of H.R. 11439, believes the cost would be quite small. If the total number should reach 1000, for example, the annual increase in cost to the Government would be approximately \$415,000.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 11439.

2. Purpose of bill:

To restore eligibility for health benefits coverage to certain individuals whose survivor annuities are restored.

S.R. 829

Widows and widowers of civil service retirees lose their survivor annuity and applicable health care benefits if they remarry prior to reaching 60 years of age. Under current law, survivor annuities are restored following the date the remarriage is dissolved; however, health care benefits are not restored.

3. Cost estimate:

The federal share of health benefits coverage for annuitants and survivors is paid from appropriations to a Civil Service Commission revolving fund. The authorization for these appropriations is open ended and does not specify annual amounts. The annual estimates for fiscal years 1977-1981 are provided below:

Fiscal year cost (BA and outlays):	Estimates in thousands of dollars
1977	83.1
1978	88.3
1979	93.5
1980	99.6
1981	105.3

4. Basis for estimate:

The critical variables in determining the cost of H.R. 11439 are the average government contribution for annuitants' health care, and the estimated number of eligible individuals who would renew their health care coverage. The government contribution rate reflects the current cost distribution of health care plans for annuitants. The approximate number of health care restorations resulting from enactment of H.R. 11439 is based on (1) the age distribution of survivors of deceased annuitants (annual CSC report for FY 1975), and (2) survivor remarriage rates (CSC Board of Actuaries) and a remarriage dissolution rate of 20 percent (provided by CSC).

(A) Approximate number of restorations	200
(B) Average annual Government contribution	\$415.32
Total Government contribution (derived from multiplying (A)X(B))	\$83,064
CBO projection of annual increases in health care costs (fiscal years, percent):	
1977-78	6.3
1978-79	5.9
1979-80	6.5
1980-81	5.7

5-YR COSTS

[In thousands of dollars]¹

Fiscal year—	Base	Increases ²	Total net cost
1977	83.1		83.1
1978	83.1	5.2	88.3
1979	83.1	10.4	93.5
1980	83.1	16.5	99.6
1981	83.1	22.2	105.3

¹For estimating purposes, it is assumed that the cost reduction resulting from mortality factors and the cost increase resulting from future remarriages are not significant and tend to cancel.

² Reflect annual increases in health care costs projected by CBO for fiscal years 1977-81.

5. Estimate comparison:

The Civil Service Commission in a letter dated December 1, 1975, to Chairman Henderson of the House Post Office and Civil Service

S.R. 829

Committee estimates enactment cost of the proposed legislation at \$415,000. This cost is based on an average annual government contribution identical to that used in the CBO estimate. However, the CSC figure did not estimate the number of individuals affected by the legislation. The difference between the CSC and CBO cost figures is attributable to the 1,000 restorations selected as an example by CSC and the CBO estimate of 200.

6. Previous CBO estimate: Not applicable.

7. Estimate prepared by:

DAVID M. DELQUADRO

8. Estimate approved by:

JAMES L. BLUM,
*Assistant Director,
Budget Analysis Division.*

AGENCY VIEWS

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., May 3, 1976.

HON. GALE MCGEE,
Chairman, Committee on Post Office and Civil Service, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further reply to your request for the Commission's views on H.R. 11439, a bill "To amend title 5, United States Code to restore eligibility for health benefits coverage to certain individuals whose survivor annuities are restored," passed by the House on March 1, 1976.

Public Law 89-504, enacted July 18, 1966 provided that a survivor annuity which had been terminated by remarriage on or after that date could be restored upon termination of the remarriage. The law, however, made no provision for restoration of health benefits coverage when the survivor annuity was restored.

H.R. 11439, if enacted, would provide that any survivor annuitant covered under the Federal Employees Health Benefits Program (FEHB) at the time his (her) survivor annuity was terminated because of remarriage would be eligible to reenroll in one of the FEHB plans in the event the survivor annuity was restored because of dissolution of the remarriage or pursuant to other applicable law.

Many of the individuals who would be affected by enactment of H.R. 11439 are advanced in years and have no income other than their restored survivor annuity. Thus, they are not in a position to acquire coverage as an employee or to earn money to pay medical expenses which normally increase with age. Additionally, some may find it difficult or even impossible to obtain adequate private health benefits coverage because of their age or state of health.

Under the provisions of P.L. 89-504, survivor annuitants who marry after July 18, 1966 and after attainment of age 60 do not lose either their survivor annuity or their health benefits coverage. It would appear to be a matter of equity, therefore, that those survivors whose annuities have been restored because of termination of their remarriage should also be eligible for coverage under the FEHB program.

Although we do not have a count of the number who would be affected by enactment of H.R. 11439, the cost would be relatively small.

For example, if the total number should reach 1,000 restorations we estimate that the annual Government increase would be approximately \$415,000.

For these reasons the Commission would not oppose enactment of H.R. 11439.

The Office of Management and Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

ROBERT HAMPTON,
Chairman.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., April 6, 1976.

B-138504

HON. GALE W. MCGEE,
*Chairman, Committee on Post Office and Civil Service,
U.S. Senate.*

DEAR MR. CHAIRMAN: By letter dated March 3, 1976, you requested our views and comments on H.R. 11439, 94th Congress, 2d Session, a bill "(T)o amend title 5, United States Code, to restore eligibility for health benefits coverage to certain individuals whose survivor annuities are restored."

The bill would allow a surviving spouse, whose survivor annuity was terminated by remarriage prior to age 60 and is later restored following dissolution of the remarriage, to enroll in a health benefits plan under section 8903 of title 5, United States Code, if the spouse was covered under any health benefits plan immediately before the annuity was terminated.

H.R. 11439 is intended to correct an inequity and an oversight under existing law. We have no objection to the bill's provisions.

Sincerely yours,

R. F. KELLER,
*Acting Comptroller General
of the United States.*

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., May 3, 1976.

HON. GALE W. MCGEE,
*Chairman, Committee on Post Office and Civil Service, U.S. Senate,
Room 6206 Dirksen Senate Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to the Committee's request for the views of this Office on H.R. 11439, "To amend title 5, United States Code to restore eligibility for health benefits coverage to certain individuals whose survivor annuities are restored," as passed the House of Representatives.

The law which allows a survivor annuity once terminated by remarriage to be restored when the remarriage ends made no provision for restoration of health benefits coverage on restoration of annuity. The purpose of H.R. 11439 is to provide that any annuitant whose sur-

vivor annuity is restored will also be entitled to reenroll in one of the Federal Employees Health Benefits plans.

In its report, the Civil Service Commission states its reasons for not opposing enactment of the bill.

We concur in the views expressed by the Civil Service Commission and, accordingly, would not oppose enactment of H.R. 11439.

Sincerely,

(Signed) James M. Frey,

JAMES M. FREY,

Assistant Director for Legislative Reference.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill as reported are shown as follows (existing law in which no change is proposed is shown in roman; existing law proposed to be omitted is enclosed in black brackets; new matter is shown in italic):

TITLE 5, UNITED STATES CODE

* * * * *

CHAPTER 89—HEALTH INSURANCE

- Sec.
- 8901. Definitions.
 - 8902. Contracting authority.
 - 8903. Health benefits plans.
 - 8904. Types of benefits.
 - 8905. Election of coverage.
 - 8906. Contributions.
 - 8907. Information to employees.
 - 8908. Coverage of restored [employee] *employees and survivor annuitants.*
 - 8909. Employees Health Benefits Fund.
 - 8910. Studies, reports, and audits.
 - 8911. Advisory committee.
 - 8912. Jurisdiction of courts.
 - 8913. Regulations.

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§ 8908. Coverage of restored [employee] *employees and survivor annuitants*

(a) An employee enrolled in a health benefits plan under this chapter who is removed or suspended without pay and later reinstated or restored to duty on the ground that the removal or suspension was unjustified or unwarranted may, at his option, enroll as a new employee or have his coverage restored, with appropriate adjustments made in contributions and claims, to the same extent and effect as though the removal or suspension had not taken place.

(b) *A surviving spouse whose survivor annuity under this title was terminated because of remarriage and is later restored may, under such regulations as the Civil Service Commission may prescribe, enroll in a health benefits plan described by section 8903 of this title if such spouse was covered by any such plan immediately before such annuity was terminated.*

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THE WHITE HOUSE

WASHINGTON

July 2, 1976

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDORF *M.L.F.*
SUBJECT: HR 11439 - Health insurance coverage for certain
civil service annuitants

The Office of Legislative Affairs concurs with the agencies
that the subject bill be signed.

Attachments