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Folder Title: 12/27/2001 [H.R. 2559]

499977

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE PRESIDENT HAS SEEN
12-27-01

THE DIRECTOR

December 21, 2001

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 2559 - Federal Employees Long-Term Care Amendments
Sponsors - Rep. Scarborough (R) FL and 6 cosponsors

Last Day for Action

December 29, 2001 - Saturday

Purpose

Amends the Federal Employees Long-Term Care Insurance program to: (1) permit former Federal employees who are entitled to deferred annuities to participate in the program; and (2) exempt the premiums paid for insurance under the program from State and local taxes.

Agency Recommendations

Office of Management and Budget	Approval
Office of Personnel Management (OPM)	Approval
Department of the Treasury	No objection (Informally)
Department of Health and Human Services	Defers to OPM (Informally)

Discussion

The Long-Term Care Security Act (P.L. 106-265), requires OPM, by October 2002, to make available group long-term care insurance to Federal employees and annuitants, active and retired members of the uniformed services, employees and annuitants of the U.S. Postal Service and the Tennessee Valley Authority, and certain relatives of these individuals. Coverage will be provided for a range of services, including personal care, home health care, adult day care, and nursing home care. The full cost of the insurance policy will be paid by the enrollee.

Currently, Federal retirees who are receiving an annuity are able to participate in the long-term care insurance program. Those who have left Federal service but are not yet receiving an annuity are not eligible to participate. H.R. 2559 would allow the participation of individuals who leave Federal service before they are entitled to an immediate annuity, but who have worked long enough to be entitled to an annuity at a later date.

Current law prohibits the imposition of State and local taxes on premiums paid to the Federal Employees Health Benefits Program and the Federal Employees Group Life Insurance Program. H.R. 2559 would bar State and local governments from taxing Federal employees' long-term care insurance premium payments.

H.R. 2559 would make the bill's provisions effective retroactively as if included in the enactment of the Long-Term Care Security Act.

Conclusion and Recommendations

We join OPM in recommending approval of H.R. 2559, which passed the House by a vote of 406-1 and the Senate by unanimous consent.

M E Daniels

Mitchell E. Daniels, Jr.
Director

Enclosures

UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, DC 20415-0001

OFFICE OF THE DIRECTOR

DEC 20 2001

The Honorable Mitchell E. Daniels, Jr.
Director
Office of Management and Budget
Washington, D.C. 20503

Attention: Assistant Director for Legislative Reference

Dear Mr. Daniels,

This is in response to your request for the views of the Office of Personnel Management (OPM) on enrolled bill H.R. 2559, a bill "To amend chapter 90 of title 5, United States Code, relating to Federal long-term care insurance."

The Long-Term Care Security Act (LTCSA) (Public Law 106-265) establishes a program under which qualified Federal personnel may purchase long-term care insurance from one or more private insurance carriers. While the legislation contained broad preemption language, it did not specifically exempt LTCSA insurance premiums from State and local taxes. The laws governing analogous programs under which insurance is offered to Federal employees, the Federal Employees Health Benefits Program (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGLI), do specifically prohibit the imposition of State and local premium taxes. H.R. 2559 remedies this inconsistency by adding a provision which tracks the provisions in FEHBP and FEGLI, to exempt premiums from State and local taxes.

The enrolled bill would also extend coverage to Federal employees who have left Government service but are entitled to receive a deferred annuity under existing Federal retirement programs. The LTCSA now covers Federal employees, military personnel, and former Federal personnel receiving retirement benefits. However, deferred annuitants -- individuals who leave Federal service before they are entitled to an immediate annuity, but who have worked long enough to be entitled to an annuity at a later date -- are not covered by the Act. H.R. 2559 would fill this gap in coverage by extending the Act to allow deferred annuitants to participate in the program.

The enrolled bill would make these amendments effective retroactively as if included in the enactment of the LTCSA.

For the reasons cited above, we recommend that the President sign enrolled bill H.R. 2559.

Sincerely,

Kay Coles James
Director

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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THE DIRECTOR

December 21, 2001

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Last Day for Action

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M E Daniels

Mitchell E. Daniels, Jr.
Director

Enclosures

Bills Received at the White House

Date received and notification to OMB:	**12/18/2001**
Last day for action:	**12/29/2001**

	Official Title Signed 12/27/01	
H.R.2559	An Act to amend chapter 90 of title 5, United States Code, relating to Federal long-term care insurance.	499977

SS/ RM NO. 499977

WHITE HOUSE STAFFING MEMORANDUM

Date: 12-21-01 ACTION / CONCURRENCE / COMMENT DUE BY: 12-26-01, COB

Subject: H.R. 2559 -- FEDERAL EMPLOYEES LONG-TERM CARE INSURANCE AMENDMENTS

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☑	☐	HUBBARD	☑	☐
CARD	☑	☐	HUGHES	☑	☐
BLAKEMAN	☐	☐	IRASTORZA	☐	☐
BOLTEN	☑	☐	JOHNSON	☑	☐
CALIO	☑	☐	LINDSEY	☑	☐
CONNAUGHTON	☐	☐	MIERS	☐	☑
DANIELS	☐	☑	RICE	☑	☐
FLEISCHER	☐	☑	RIDGE	☑	☐
GERSON	☐	☐	ROVE	☑	☐
GONZALES	☑	☐	SPELLINGS	☑	☐
HAGIN	☐	☐	CLERK	☐	☑
HAWKINS	☑	☐	____________	☐	☐

REMARKS:

PLEASE SEND COMMENTS TO THE STAFF SECRETARY, EXT. 62702, FAX 62215, NO LATER THAN COB WEDNESDAY, 12-26-01. THANK YOU.

RESPONSE:

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

December 21, 2001

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 2559 - Federal Employees Long-Term Care Amendments
Sponsors - Rep. Scarborough (R) FL and 6 cosponsors

Last Day for Action

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OFFICE OF THE DIRECTOR

DEC 20 2001

The Honorable Mitchell E. Daniels, Jr.
Director
Office of Management and Budget
Washington, D.C. 20503

Attention: Assistant Director for Legislative Reference

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For the reasons cited above, we recommend that the President sign enrolled bill H.R. 2559.

Sincerely,

Kay Coles James
Director

SS/ RM NO. 499977

WHITE HOUSE STAFFING MEMORANDUM

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Subject: H.R. 2559 -- FEDERAL EMPLOYEES LONG-TERM CARE INSURANCE AMENDMENTS

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Sincerely,

Kay Coles James
Director

One Hundred Seventh Congress of the United States of America

AT THE FIRST SESSION

Begun and held at the City of Washington on Wednesday, the third day of January, two thousand and one

THE WHITE HOUSE

An Act

To amend chapter 90 of title 5, United States Code, relating to Federal long-term care insurance.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DEFINITION OF AN ANNUITANT.

Paragraph (2) of section 9001 of title 5, United States Code, is amended to read as follows:

"(2) ANNUITANT.—The term 'annuitant' means—

"(A) any individual who would satisfy the requirements of paragraph (3) of section 8901 if, for purposes of such paragraph, the term 'employee' were considered to have the meaning given to it under paragraph (1) of this subsection; and

"(B) any individual who—

"(i) satisfies all requirements for title to an annuity under subchapter III of chapter 83, chapter 84, or any other retirement system for employees of the Government (whether based on the service of such individual or otherwise), and files application therefor;

"(ii) is at least 18 years of age; and

"(iii) would not (but for this subparagraph) otherwise satisfy the requirements of this paragraph.".

SEC. 2. PREEMPTION.

Section 9005 of title 5, United States Code, is amended—

(1) by inserting "(a) CONTRACTUAL PROVISIONS.—" before "The"; and

(2) by adding at the end the following:

"(b) PREMIUMS.—

"(1) IN GENERAL.—No tax, fee, or other monetary payment may be imposed or collected, directly or indirectly, by any State, the District of Columbia, or the Commonwealth of Puerto Rico, or by any political subdivision or other governmental authority thereof, on, or with respect to, any premium paid for an insurance policy under this chapter.

"(2) RULE OF CONSTRUCTION.—Paragraph (1) shall not be construed to exempt any company or other entity issuing a policy of insurance under this chapter from the imposition, payment, or collection of a tax, fee, or other monetary payment on the net income or profit accruing to or realized by such entity from business conducted under this chapter, if that tax, fee, or payment is applicable to a broad range of business activity.".

SEC. 3. EFFECTIVE DATE.

The amendments made by this Act shall take effect as if included in the enactment of section 1002 of the Long-Term Care Security Act (Public Law 106–265; 114 Stat. 762).

Speaker of the House of Representatives.

~~*Vice President of the United States and*~~
President of the Senate pro tempore.

APPROVED
DEC 2 7 2001