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Department of Defense  
**DIRECTIVE**

**AD-A272 261**



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January 5, 1988  
 NUMBER 6000.3

ASD(HA)

**SUBJECT: Voluntary Private Health Insurance Conversion Program**

- References:**
- (a) DoD Directive 6000.3, "Health Care Coverage for Persons Being Separated from Active Duty," May 1, 1969 (hereby canceled)
  - (b) Report 98-1080, "Conference Report of the Committees on Armed Services on the National Defense Authorization Act," Pages 301 to 303, Fiscal Year 1985
  - (c) Report 99-1001, "Conference Report of the Committees on Armed Service on the National Defense Authorization Act," Page 484, Fiscal Year 1987
  - (d) Report 99-718, "Conference Report of the Committee on Armed Services, U.S. House of Representatives on H.R. 4428, the National Defense Authorization Act," Pages 211 and 212, Fiscal Year 1987
  - (e) DoD Directive 5400.11, "Department of Defense Privacy Program," June 9, 1982

**A. REISSUANCE AND PURPOSE**

This Directive reissues reference (a) to:

- 1. Respond to the congressional requests in references (b), (c), and (d) to make a private health insurance conversion policy available for purchase through the Department of Defense.
- 2. Update policy, establish procedures, and assign responsibilities.

**B. APPLICABILITY AND SCOPE**

This Directive:

- 1. Applies to the Office of the Secretary of Defense (OSD), the Military Departments, and, by agreement, to the other Uniformed Services (Coast Guard, Public Health Service (PHS), and National Oceanic and Atmospheric Administration (NOAA)).
- 2. Covers Service members and their family members who lose eligibility for Uniformed Services medical benefits and minors for whom active duty or retiree families are responsible legally, but who are not eligible for Uniformed Services medical benefits.

**C. DEFINITIONS**

Terms used in this Directive are defined in enclosure 1.

**93-27340**



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#### D. POLICY

It is DoD policy that:

1. All eligible individuals shall be given an opportunity to purchase a conversion policy. Active duty members separating from a Uniformed Service shall have at least 30 days after their separation to purchase a conversion policy. Former spouses, children coming of age, and legal dependents shall have a minimum of 90 days after their qualifying event.

2. An insurance company or companies offering conversion policies under this Directive shall supply all designated distribution centers with explanation brochures, applications, and updated premium schedules.

3. Uniformed Services members and, when practical, their family members shall be informed of the availability of conversion policies at applicable times during their active duty service, during separation processing, or when contacting a personnel office, a separation office, an identification card office, a health benefits advisor in a military medical facility, a family service center, a clergy office, or a legal office about benefit status changes. All interested individuals shall be:

a. Given material explaining the costs, benefits, and enrollment procedures of conversion policies.

b. Advised of eligibility criteria, enrollment periods, policy costs, and premium payment schedule.

c. Informed of the following:

(1) Purchase of coverage under the policy is voluntary.

(2) Cost of any policy in which they enroll shall be borne entirely by them.

(3) They must enroll within a specified time after their status change occurs and must make the first payment at the time of enrollment.

(4) All payment arrangements (with the exception of separating members who want the first payment made as a one-time payroll deduction or want the separation center to submit their personal check for them) must be made directly with the insurance company offering the conversion policy they select.

(5) All questions involving their coverage are a matter between them and the company providing the coverage, and the U.S. Government does not have liability or responsibility for the administration of the policy.

4. Once an agreement has been signed between an insurance company and the Department of Defense, conversion policies shall continue to be offered until one of the two following events occurs:

a. An insurance company offering a conversion policy provides the Department of Defense with a 90-day notice that it is terminating the agreement.

b. The Department of Defense gives an insurance company a 90-day notice that it is terminating its agreement to offer its conversion policy.

E. RESPONSIBILITIES

1. The Assistant Secretary of Defense (Health Affairs) (ASD(HA)), or designee, shall:

a. Advertise through applicable trade journals, periodicals, or other channels, at least once every 3 years, the interest of the Uniformed Services in making conversion policies available.

b. Select one or more conversion policies that meet the requirements of this Directive, determine the effective date of each conversion policy, and sign a letter of agreement with each insurance company offering conversion policies.

c. Inform the Uniformed Services of the effective date of each conversion policy, work with the applicable organizations in the Department of Defense and the Uniformed Services to specify the publicity and enrollment material and procedures to be used, and ensure that information on the availability of conversion policies is offered to eligible individuals.

d. Monitor and evaluate the implementation of this Directive, review periodically all conversion policies being offered and all proposed changes to conversion policies, and, when necessary, do the following:

(1) Make recommendations to the Secretary of Defense or the Uniformed Services on the conversion policies.

(2) Amend the letter of agreement with an insurance company offering a conversion policy.

(3) Withdraw the privileges of offering a conversion policy under this Directive when it is determined that the best interests of the Uniformed Services and the persons losing eligibility to the medical benefit make such action applicable.

2. The Assistant Secretary of Defense (Public Affairs) (ASD(PA)), or designee, shall direct the ASD(PA) staff to help publicize the program through its normal channels on a periodic basis.

3. The Secretaries of the Military Departments and, where agreed to, the Commandant of the Coast Guard, the Secretary of Health and Human Services, and the Secretary of Commerce, or designees, shall:

a. Establish internal programs implementing this Directive.

b. Direct their public affairs offices to help publicize the program.

c. Direct their Service publication distribution centers to disseminate information on the program periodically.

d. Require personnel offices, separation offices, identification card offices, military medical facilities, family service centers, clergy offices, and applicable legal offices to do the following:

(1) Stock explanation brochures, application forms, and payment schedules specified by the Office of the ASD(HA) (OASD(HA)) and supplied by insurance companies offering the conversion policies.

(2) Inform eligible individuals of the availability of policies and provide interested individuals with brochures, application forms, and payment schedules.

e. Require personnel or separation offices, upon request of an individual interested in purchasing a conversion policy, to validate the applications or supply one of the following applicable validation forms consistent with DoD Directive 5400.11 (reference (e)):

(1) Defense Enrollment Eligibility Reporting System (DEERS) print-outs.

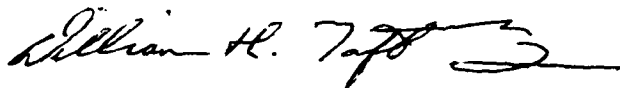
(2) Standard Form DD 214, "Certificate of Release or Discharge from Active Duty," or approved DD 1172, "Application for Uniformed Services Identification and Privilege Card."

(3) An official statement of service.

f. Require separation or finance and accounting offices to collect the first premium or arrange for payroll deductions to be made, when requested by a separating member. Following transmittal directions specified by the OASD(HA), forward, at least once a week, all applications and payroll deductions or premium checks to the designated office of the insurance company from which the coverage was purchased.

F. EFFECTIVE DATE AND IMPLEMENTATION

The Directive is effective immediately. Forward one copy of implementing documents to the Assistant Secretary of Defense (Health Affairs) within 90 days.



William H. Taft, IV  
Deputy Secretary of Defense

Enclosure - 1  
1. Definitions

DEFINITIONS

1. Conversion Policy. A comprehensive, private-pay health insurance policy that provides benefits similar to those available under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). It must be available without exception to all eligible individuals and cover preexisting conditions (with a maximum of a 1-year waiting period on such conditions) at a rate lower than similar private individual insurance policies. Initial enrollment premiums may cover no more than a 90-day period and, unless otherwise arranged with the purchaser, no more than 30-day periods thereafter. Insurance companies may apply standard underwriting principles to policy expansions if they choose to offer the policy to additional categories of beneficiaries or extend enrollment periods.

Additionally, after the Uniformed Services help in the initial enrollment and payment process, all payments and policy arrangements must be made between the purchasing individual and the company offering the policy. An insurance company or companies offering conversion policies under this Directive shall have financial and operational responsibility for such policies. The U.S. Government (including the Department of Defense, the Coast Guard, PHS, and NOAA) shall assume no financial liability and shall have no legal or other responsibility for those conversion policies and their administration.

2. Eligible. Individuals are eligible to purchase a conversion policy when they lose their eligibility for Uniformed Services health benefits, or are minors who become the legal responsibility of active duty or retired members, or are survivors and are not eligible for Uniformed Services health benefits. These eligible individuals include:

a. Spouses of members whose marriage ends in divorce, dissolution, or annulment after at least 1 year of marriage.

b. Members leaving active duty (other than those separated for health conditions existing before service) and their family members who were covered by CHAMPUS.

c. Unmarried children of active duty, deceased, or retired members when such children lose their eligibility upon reaching the age of 21 (23 if in school).

d. Children who are legal wards or previously adopted children of active duty or retired members or survivors.

e. Dependent grandchildren living with active duty or retired members or survivors.

3. Qualifying Event. The event that enables an individual to become eligible to purchase a conversion policy.

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