

25 YEAR
RE-REVIEW

ADMINISTRATIVE

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26 AUG 1965

MEMORANDUM FOR : Chief, Logistics Services Division

SUBJECT : Space in Headquarters Building for
Insurance Personnel

1. George: I am writing this note only because there may be a possibility that certain Agency components or personnel might be leaving this building to move into the Rosslyn area. If you find that some space is made available at any time in the future, we would very much appreciate your considering allocating some small footage to our need in improving the space available to our insurance personnel in the Headquarters Building.


2. It has long been our hope to consolidate the one claims service we now have in the Central Processing area with our insurance cashiers since this would result in a greater economy of manpower as well as improved service to Agency personnel. Please keep us in mind should some space open up.


Chief, Benefits and Services Division

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Chief, Benefits and Services Division

July 30, 1965

Chief, Insurance Branch

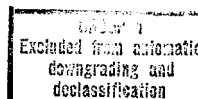
Possible Economy Moves in Insurance Branch

1. After carefully studying the make-up of the Insurance Branch from a personnel standpoint, as well as reviewing its operating procedures, it is my opinion that certain economy-producing changes could be realized in this office. Some of these are, of course, completely radical in nature, while others are more realistic and geared to the most efficient way of dealing with insurance problems of Agency personnel in the true manner of employer-employee representation.

2. I feel obligated to point out that some eliminations of programs could, and probably should be eliminated from GEHA sponsorship, regardless of whether this is a part of this currently conducted exercise for the purpose of which this memorandum is being promulgated. For purposes of clarity, these suggested changes will be listed below in the degree of their contributory value to an economy realization, the simplest presented first.

a. The first and most obviously easy and realistic savings could be accomplished by eliminating the Air Flight Trip and the Military Air Trip plans from the program. There are about 350 Military Bases in the U. S. A. and overseas at which the Military Air Flight can be bought and there are about 90 Commercial Airports in the U. S. A. and Canada where the Air Trip may be obtained so that other than being a convenience, there is no earthly reason why it should not be deleted from our programs. If it were done, a saving of about one-half man-year could be accomplished, at a savings in salary of \$3,567.73.

b. Another plan, the Emergency Travel Plan could be eliminated since it is primarily purchased by personnel going or living overseas, and these people could certainly obtain it from the underwriter.



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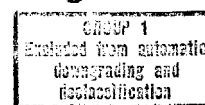
There are presently only 75 employees holding this coverage so it would not represent a particular hardship were this economy accomplished. This would result in a savings of about one-half "man-year" at a salary of \$3,567.73.

c. The Dread Diseases and the Income Replacement plans could both be eliminated by having personnel obtain coverage directly with the underwriter, since they are both non-group in the sense of the word with practically the same costs being charged if they were bought directly from the Underwriter. The minor cover and security problems could be circumvented without too much trouble. The elimination of these two programs would result in a combined savings of three man-years (two 7's-one 5), at a salary saving of \$20,167.03.

d. Delinquent notices are prepared by the Insurance Branch each month to approximately 800 employees, advising them that unless premiums are paid, insurance will lapse. This procedure will be changed in the future to provide for Office of Computer Services printing the notices. Since most personnel receiving these notices are "chronics" and seem to rely on them as a "reminding crutch," I see no reason the forwarding of such notices cannot be terminated. However, it should be pointed out to employees that a period of time must elapse before coverage can be again picked up, else the administrative workload involved in cancellations and prompt reinstatements will negate any possible gains involved. Elimination of these forms would result in a savings of six man-weeks, at a salary of (GS-5) \$680.13.

e. The employee occupying "borrowed" space in Central Processing Branch, is performing the task of accepting hospitalization claims as a convenience mechanism for Headquarters Employees. There is no reason that employees cannot be required to file their claims by mail and either come to the Branch in the Magazine Building (when moved) or make a phone call should they need assistance in the preparation of claims for reimbursement. Actually, the instructions contained in our white handbook and the claims forms themselves are self-explanatory. If this function were eliminated, the salary and position of a GS-7, \$7,134.45 saved, would be a significant economy move.

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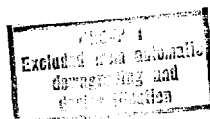
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f. The DENTA Program has been running on a very narrow profit margin for some time and current experience portends increased claims in the near future, a trend that usually follows an open period. This could result in eventual dropping of the program as such. In the event a drastic step had to be taken, this plan could be dispensed with or possibly it could have the claim-settling functions handled by Mutual themselves. This could result in the saving of one and a half man-years at a salary rate of \$10,701.68 (1 1/2 GS-7).

g. In view of the soon to be adopted Medicare Program, the PAMA plan could be dropped inasmuch as most coverage would be available under that program. It would not be correct, however, to assume that if a choice were given that all present PAMA holders would not drop their present plan, even though they could come under MEDICARE. This suggestion should therefore not be taken unless a critical decision had to be made. If discontinued, a savings of \$10,701.68, the salary of 1 1/2 GS-7's.

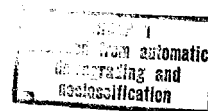
h. Another drastic change, should a deep budget cut be levied on this office, could be the closing of the Cashier's office in Headquarters where four people are now employed and combine it with the receptionist for claims matters mentioned in paragraph "e" above, in the soon to be opened offices in the Magazine Building. Instead of four Cashiers and one Claims person as at present, by interchanging work, three people could handle the load since other members of the Branch could be called upon to fill in during an emergency, something that is not now possible. This would result in a savings of two GS-5's at a total salary of \$11,792.28.

i. The last two items of suggested changes are offered on the basis that not only could they be done if the need for dropping any operations not basically required became acute enough, but they do have enough latent possibilities as to warrant a further studied and detailed look before being treated as merely interesting facets of a fleeting exercise. The first involves the merging of all claims personnel of the Insurance Branch, as well as the Casualty Affairs Branch. This is a realistic possibility since all medical claims have something in common and especially since the handling of the same case in both Branches makes for duplication of effort.



- 3 -

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Even if no other savings resulted, it would make for an even work-load since the examiners in both components could easily be trained to work interchangeably. In addition, it would eliminate some supervisory personnel. Without a detailed study, it is not possible to provide actual amounts in dollars and cents which might result from such merger, but I feel sure that as many as four or five employees at about \$25,000-\$30,000 could be eliminated from the Table of Organization.

j. The most radical recommendation, of course, would be the elimination of the Insurance Branch per se, by transferring the functions of this office to Mutual of Omaha. The problem of security and cover implications could be solved by letting Mr. Jones hire appropriate people, say two or three who could be former employees of the Agency, who would make it possible for the claims to be worked and premiums accepted by number, thereby still maintaining complete security and cover. There could remain in the Agency a small staff composed of possibly the Chief, who would still carry on liaison with the underwriters and Civil Service and be an advisor to the Division Chief and to the Director of Personnel and the Board of Directors of GEHA, and two or three specialists who could handle individual problems, counseling to individuals, providing guidance to projects setting up insurance coverage, visiting installations, supporting the Board of Directors, etc. The two or three people mentioned above could even be paid by the Agency by reimbursement to the underwriter. What this would do would be to make possible the elimination of probably twenty to twenty-five positions, and would have the underwriter do claims work with far less people since he can short-cut and have personnel work this in with other groups. The worst that could happen would be a slight raise in premiums to pay for the added help at the Joseph E. Jones Agency but this would be more than offset by the savings in positions here. I can truthfully say that I can see NO major reason that this could not be done. There would be many sticky details to work out but I feel it could be accomplished.

3. The figures for salaries used above are based on the fourth step of the grade involved, with 7.3% added for fringe benefits.

4. Attached are some charts showing the scope of some operations of the Insurance Branch. Visual aids of a similar format could be prepared to illustrate these savings, should time have permitted.

Attachments

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Excluded from automatic
downgrading and
declassification

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