

Official responsible: Andrew E. Ruddock, Director, Bureau of Retirement and Insurance.

Mr. RUDDOCK. I am Andrew E. Ruddock. My title is Director, Bureau of Retirement and Insurance.

The Civil Service Commission administers for the Federal Government three principal fringe benefit systems. These are the civil service retirement system, which is a staff retirement plan for civilian employees of the Federal Government; the Federal employees group life insurance program; and the Federal employees health benefits program.

The objective of these systems is to replace income which is lost through retirement, through disability, and through death of the breadwinner, and in the health benefits program to help meet the family's costs for medical and hospital bills.

Each of the programs is contributory. The employee pays part of the cost, the Government pays part of the cost. The administrative expenses of the Commission are paid from moneys transferred from the trust funds developed under these programs, within limitations which are fixed annually by the Congress. The retirement system is self-administered by the Government in the sense that we adjudicate all the claims and we authorize the payment of all of the benefits.

The life insurance program is one in which we were directed by the Congress to contract with the insurance industry for a group life insurance policy in the same manner that would be done by any other large employer. This means that when a Federal employee dies, the claim, instead of being submitted to the Civil Service Commission, goes to an administrative office set up by the insurance industry in New York, and the claim is paid from that point.

In health benefits the basic legislation authorized us to contract with a number of health benefits carriers, and we have approximately 40. Each employee chooses, from among those which are available to him, the plan which he feels best fits his needs and those of his family. When he has health expenses they are handled through the claims mechanism of the plan which he has chosen.

In the interest of conserving your time, let me just point out that we have at the present time a retirement roll of about 600,000 retired Federal employees and almost a quarter of a million survivors, mostly widows and children, who are receiving monthly checks under the retirement system. In this particular year we expect to adjudicate over 100,000 annuity and death claims.

Mr. BROOKS. Are all of the payments computerized?

Mr. RUDDOCK. No, sir. We have, as the chairman mentioned earlier, about 112 claims examiners who, on the claims we adjudicate, have to determine the entitlement of the individual and the amount to which he is entitled. Now we do use the computer in connection with determining length of service, the average salary of the individual, computing his annuity rate—

Mr. BROOKS. And the issuance of checks?

Mr. RUDDOCK. The checks are actually issued by the Treasury Department on the basis of authorization from the Commission, and that authorization is given to them through the computer system.

Mr. BROOKS. Good. I had one further question. There is a GAO report on continuing eligibility of Federal employees and I would