
FEHB Program Carrier Letter

All Carriers

U.S. Office of Personnel Management
Insurance Services Programs

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Fee-for-service [14] Experience-rated HMO [16] Community-rated HMO [17]

SUBJECT: Raising the Level of Transparency in the FEHB Program

We recently met with several Federal Employee Health Benefits (FEHB) plans to gain a better understanding of what plans are doing now and what could be accomplished in our work together this year as we take steps to raise the level of transparency in the FEHB Program.

It was helpful to see the breadth and depth of transparency information already available to FEHB consumers. Some of the common practices we noted were:

- Medical cost data based on episode of care.
- Metrics on patients treated for a particular condition at a hospital, including percentage of complications by hospital and average length of stay.
- Healthcare quality transparency data in addition to cost data.
- Use of ranges to display cost of care.
- Only in-network provider prices given.
- Costs distributed by broad geographic areas.
- Cost and quality data that is not password protected and thereby available to non-plan members.
- Use of publicly available data from Government and non-profit sources, as well as commercially available and internally-collected cost information.

Our meetings with the plans have given us the chance to learn what plans can do and are doing to promote cost transparency. As a result of our meetings, we have developed the following list of information that we will expect FEHB health plans to provide on their websites for us to designate them as meeting our provider cost transparency expectations:

- Online decision tools with cost estimators related to both diagnoses and drugs.
- Costs grouped by illness.
- Costs for 12 or more common illnesses and conditions provided by geographical area.
- Provider allowances or a range of allowances, rather than charges.
- Sources, limitations and currency of data clearly and prominently presented with the data.

We encourage you to focus on providing as much transparency information as possible for the November open season. We believe this effort will encourage consumers to better understand the true cost of their health care and provide them the kind of information that will help them to

become better health care consumers. We will look for the health plans with the best transparency practices to set the pace for everyone else. The FEHB Program is already established as a marketplace model, and we intend to recognize those plans which demonstrate transparency leadership during this year's open season.

I look forward to continuing our work together on issues affecting the Federal family.

Sincerely,

Robert F. Danbeck
Associate Director
for Human Resources Products and Services