

FEHB FACT SHEET

Open Season for Health Benefits, Dental and Vision Insurance and Flexible Spending Accounts

The U.S. Office of Personnel Management (OPM) has announced that this year's open season for health benefits, dental and vision insurance, and flexible spending accounts will be held from November 14 through December 12, 2011. The annual open season gives federal employees and retirees the opportunity to review their health plan choices and make changes; it also allows eligible employees to enroll for coverage.

Federal Employees Health Benefits (FEHB) Program

OPM announced that the overall average FEHB premium increase for non-postal and annuitants will be 3.8 percent in 2012. Based on previous experience, we expect that some enrollees will shift to more affordable plans which means the actual average increase may be lower than today's estimate. Last year, the average increase announced by OPM was 7.3 percent.

The average increase in the government share of premiums for 2012 will be 4 percent; the average enrollee share increase will be 3.5 percent. Changes in each enrollee's share of premiums vary from plan to plan. On average, enrollees with self only coverage will pay \$2.32 more per bi-weekly pay period; enrollees with family coverage will pay \$6.18 more. Enrollees with self only coverage in the popular Blue Cross and Blue Shield Standard Option will pay \$.81 less per biweekly pay period in 2012 than this year and enrollees with family coverage will pay \$.72 less each pay period. There are no significant benefit changes for 2012. Negotiations kept premium increases as low as possible without increasing the out of pocket costs, such as for deductibles, co-pays, and coinsurance.

FEHB enrollees are advised to review the benefits and premiums for their health plan choices and decide what coverage will best fit their healthcare needs in the coming year. Next year, FEHB will offer 206 health plan options across the U.S. Ten fee for service plan choices are open to all eligible federal employees and retirees; four plan choices are open to employees in certain agencies; and there are 164 HMO choices. 15 of the plan choices are for high deductible plans and 13 are for consumer driven choices. (Last year, FEHB offered 207 plan choices.)

Last year, OPM announced its intention to establish a new health claims data warehouse to analyze privacy-protected data from FEHB plans to better understand and improve the affordability and quality of the care enrollees are receiving. The warehouse is being implemented currently using established data feeds from FEHB carriers. OPM is expanding the number of data feeds from carriers and is developing analytic tools to assess how plans are managing the health of their enrollees. We expect initial reports and analytic products from the data warehouse in 2012.

OPM is working closely with FEHB carriers on expanding the quality performance measures that FEHB carriers report and that OPM publishes on its website prior to the annual open season. FEHB carriers currently report some Consumer Assessment of Healthcare Providers and Systems (CAHPS) and Healthcare Effectiveness Data and Information Sets (HEDIS) measures. OPM's goal is to expand on

those metrics to improve health plan performance and also so that consumers have more information available to them.

OPM is also working to find ways in which to reduce FEHB pharmacy costs, which constitute about 30 percent of total program costs. OPM's 2012 budget includes a proposal to reduce costs by leveraging the market value of 8 million FEHB enrollees and contracting directly with a pharmacy benefit manager (PBM) to obtain pharmaceuticals for all enrollees. OPM needs statutory authority to separately contract with a PBM. Estimates are that OPM could save \$1.6 billion over the next ten years through this initiative.

FEHB annually provides \$43 billion in health care benefits for about 8 million employees, retirees and their dependents.

Federal Employees Dental and Vision Insurance Program (FEDVIP)

FEDVIP premium changes for 2012 are on average less than a one percent increase for dental plans and about a 1.6 percent decrease for vision plans. Under FEDVIP, there are seven dental plan choices and three vision plan choices. Over 1.1 million FEDVIP enrollees are in dental plans and 775,000 are in vision plans.

FSAFEDS

Eligible employees must reenroll in FSAFEDS each year to set aside pre-tax dollars in flexible spending accounts for their dependent care and health care costs. Employees can set aside up to \$5,000 for their health care costs and up to \$5,000 for their family dependent care costs each year. Over 325,000 employees currently participate in FSAFEDS.