

Health



Vision

# Federal Employee Benefit Programs

*Results from the 2013 Federal  
Employee Benefits Survey*

Retirement



**U.S. Office of  
Personnel Management**

## Background

The Federal Employee Benefits Survey (FEBS) is designed and implemented to measure the importance, adequacy, perceived value, and competitiveness of the benefits available to Federal employees. Participants were asked to provide feedback on traditional benefits including: employee health benefits, the Thrift Savings Plan, life insurance, long-term care insurance, flexible spending accounts, and retirement benefits. The survey was first administered in 2004, then again in 2006, 2011, and 2013.

## Enrollment in Benefit Programs

The opening question in the 2011 and 2013 administrations of the FEBS asked employees to indicate enrollment in benefit programs in order to gain an accurate picture of benefit uptake. Table 1 displays the results from the enrollment item on the 2013 FEBS.

The Thrift Savings Plan (TSP) had the highest reported enrollment (94.2%), followed by Federal Employees Health Benefits Program (FEHB) at 82.1 percent and life insurance under Federal Employees' Group Life Insurance Program (FEGLI) at 73.1 percent. TSP regulations should be considered when comparing overall enrollment rates across programs. In compliance with the Thrift Savings Plan Enhancement Act of 2009, all new and re-hired Federal employees are automatically enrolled in the TSP, effective August 1, 2010.<sup>1</sup> The Federal Flexible Spending Account Program (FSAFEDS) and the Federal Long Term Care Insurance Program (FLTCIP) had the lowest rates of enrollment at 23.3 percent and 6.7 percent respectively.

**Table 1.** 2013 Benefit Program Enrollment

<b>Benefit Program</b>	<b>Enrolled</b>
Thrift Savings Plan (TSP)	94.2%
Federal Employees Health Benefits (FEHB)	82.1%
Life Insurance (FEGLI)	73.1%
FEDVIP: Dental	48.5%
FEDVIP: Vision	37.5%
Flexible Spending Accounts (FSAFEDS)	23.3%
Long-term care insurance (FLTCIP)	6.7%
I do not participate in any of these benefits.	0.6%

<sup>1</sup> Employee Contribution Elections and Contribution Allocations, 5 C.F.R. § 1600 (2010).

## Reasons for not Enrolling in FEHB, TSP and FSAFEDS

TSP and FEHB had the highest enrollment rates of the benefit programs, but understanding why some employees chose not to participate will assist OPM and Federal agencies in taking action to educate employees and improve enrollment rates. Flexible Spending Accounts have historically shown low rates of enrollment, which continues to be the case in 2013. For this reason, it is important to gain insight into potential barriers preventing employees from enrolling in FSAFEDS.

### Not enrolled in FEHB (8% of FEBS respondents)

The majority of respondents not enrolled in FEHB reported they did not enroll because they have health coverage through an outside health insurance plan. More specifically, most indicated coverage through either TRICARE or someone else's non-Federal health plan or retirement.

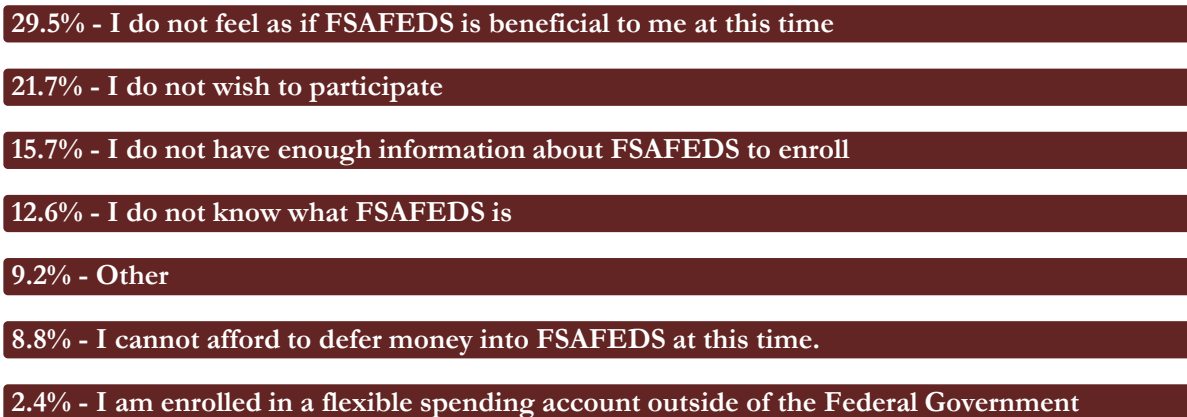
### Not enrolled in TSP (6% of FEBS respondents)

The most commonly reported reason for not enrolling in TSP was the cost, followed by a lack of interest in participating in the program and a lack of information about the program. These reasons for not enrolling suggest there is room for improvement via education and communication about the benefits of deferring money for retirement.

### Not enrolled in FSAFEDS (77% of FEBS respondents)

In contrast to the high enrollment in FEHB and TSP, FSAFEDS enrollment was much lower, with over three-quarters of FEBS respondents indicating they did not enroll in FSAFEDS. Reasons for not enrolling in this program are displayed in Figure 1. Respondents who chose "other" as the reason for not enrolling were given the opportunity to provide comments, and a frequently occurring comment was that participants did not enroll because the program does not currently allow enrollees to roll over remaining funds at the end of the year.<sup>2</sup>

**Figure 1.** Reasons for not Enrolling in FSAFEDS



<sup>2</sup> New IRS regulations, issued October 31, 2013, allow FSA plan sponsors to offer a rollover of unused funds (up to \$500) or an extended (grace) period to spend their FSA allotment. FSAFEDS currently has a two and one half month grace period. OPM is currently reviewing which option best serves Federal employees for future implementation.

## Importance of Benefit Programs

FEBS participants were asked to rate the importance of each benefit program. Over 75 percent of respondents indicated that FEHB, the FERS defined benefit plan, TSP and retiree health benefits were *extremely important* to them. Moreover, 72 percent of respondents indicated that the ability to choose from a range of health care plans within the FEHB program to meet specific needs was *extremely important*. The benefit programs that received the two highest *not at all important* ratings were the CSRS defined benefit program (27.9%) and FSAFEDS (13.8%). Table 2 shows the importance ratings for all benefit programs, in order of highest *extremely important* rating.

**Table 2.** Importance of Benefit Programs

Benefit Program	Extremely important	Important	Neutral	Slightly important	Not at all important
TSP	84.6%	11.4%	3.0%	0.3%	0.6%
FEHB	83.0%	7.4%	5.0%	0.7%	3.8%
Retiree health benefits	79.1%	11.8%	5.7%	0.9%	2.6%
FERS defined benefit program (excluding TSP)	75.6%	11.5%	7.0%	0.8%	5.0%
Ability to choose among a range of health care plans to select coverage that meets your personal or family needs	72.0%	21.1%	4.8%	0.6%	1.6%
FEGLI	51.2%	27.7%	13.0%	3.0%	5.1%
Retirement education programs	48.8%	32.4%	13.1%	2.9%	2.8%
FEDVIP: Dental	45.5%	29.1%	16.1%	3.7%	5.6%
Worksite health and wellness programs	39.3%	33.6%	17.7%	4.7%	4.8%
FEDVIP: Vision	37.7%	29.2%	21.2%	4.8%	7.0%
CSRS defined benefit program (excluding TSP)	32.6%	7.9%	29.9%	1.6%	27.9%
FLTCIP	21.4%	28.8%	35.5%	6.7%	7.6%
FSAFEDS	21.2%	20.2%	37.7%	7.1%	13.8%

## Importance of Benefit Programs: FEBS Results from 2004 - 2013

Questions regarding the importance of a variety of benefits have been included in the FEBS since it was first administered in 2004. Examining differences in the highest importance ratings (*very important* in the 2004/2006 FEBS, *extremely important* in the 2011/2013 FEBS) between 2004 and 2013 FEBS administrations, every benefit program increased, with the exception of FLTCIP (-11 percentage points).<sup>3</sup> FEHB, TSP and health and wellness programs had more than 10 percentage point increases in the highest importance ratings from 2004 to 2013. Part of this steady upward trend can likely be attributed to the fact that benefit programs, in addition to monetary compensation, have become an extremely important recruitment and retention tool for

<sup>3</sup> Not all benefit programs in the 2013 FEBS were included in previous administrations, and some differed significantly in wording and/or response choices. For these reasons, not all benefit programs were trended.

employers as a result of economic conditions.<sup>4</sup> Figure 2 highlights the greatest increase and decrease in the highest importance ratings from 2004 to 2013 FEBS administrations.

**Figure 2.** Greatest Increases & Decreases in Highest Importance Ratings 2004 – 2013.



## Adequacy of Benefit Programs

FEBS participants were asked to rate how well each of the currently available benefit programs meets their needs. Table 3 shows the full breakout of adequacy results for each benefit program, listed in order of highest adequacy rating (*to a great extent*).

Respondents rated the adequacy of benefit programs across a rather large range, and the results of the highest adequacy rating across programs (meeting needs *to a great extent*) ranged from 10.9 percent (FLTCIP) to 66.3 percent (TSP). Combining the two highest ratings (*to a great extent*/*to a moderate extent*), over three-quarters of employees indicated that FEHB and TSP are meeting their needs to a great or moderate extent, making these programs the highest rated in terms of adequacy.

<sup>4</sup> <http://www.shrm.org/research/futureworkplacetrends/documents/spotlight%20q2%202009.pdf>

**Table 3.** The Extent to which Benefit Programs Meet Employee Needs

Benefit Program	To a great extent	To a moderate extent	To a slight extent	Not at all adequate	Do not know/ do not participate
TSP	66.3%	23.3%	5.4%	1.1%	4.0%
FEHB	60.7%	21.3%	3.9%	1.8%	12.2%
FERS defined benefit program (excluding TSP)	48.8%	24.8%	8.7%	2.7%	15.0%
Retiree health benefits	42.2%	14.5%	6.5%	1.8%	35.0%
FEGLI	38.5%	28.4%	11.7%	3.1%	18.3%
Retirement education programs	28.1%	23.3%	15.5%	6.8%	26.2%
FEDVIP: Dental	27.5%	22.6%	10.6%	8.6%	30.6%
Worksite health and wellness programs	26.3%	26.1%	19.7%	7.9%	20.0%
FEDVIP: Vision	25.0%	19.8%	11.0%	6.7%	37.5%
CSRS defined benefit program (excluding TSP)	18.7%	7.6%	6.1%	1.9%	65.6%
FSAFEDS	17.0%	14.4%	10.3%	4.1%	54.2%
FLTCIP	10.9%	11.9%	10.7%	3.3%	63.1%

### Adequacy of Benefit Programs: FEBS Results from 2004 - 2013

Questions regarding the extent to which benefit programs meet employee needs were included in the previous FEBS administrations in 2004, 2006 and 2011. Analyzing the highest adequacy rating (meets needs *to a great extent*) of each benefit program between 2004 and 2013 FEBS administrations, a great deal of variance was revealed across benefit programs.<sup>5</sup> TSP had the greatest increase in highest adequacy ratings between 2004 and 2013, with a gain of 15 percentage points. FEHB, FEGLI, and health and wellness programs showed slight increases since 2004, and the remainder of the benefit programs decreased over time. Following the same pattern as the trends in importance ratings, FLTCIP had the greatest decrease since 2004 (-17 points). FSAFEDS and Retiree health benefits also saw notable decreases since 2004, dropping eight points and nine points respectively. A particularly concerning trend was the decrease of FSAFEDS by 16 points between 2011 and 2013, indicating that the primary cause of the downward trend in this program occurred within the past several years as opposed to the earlier FEBS administrations. Figure 3 displays the greatest increase and decrease in the highest adequacy rating from 2004 to 2013 FEBS administrations.

<sup>5</sup> Not all benefit programs in the 2013 FEBS were included in previous administrations, and some differed significantly in wording and/or response choices. For these reasons, not all benefit programs were trended.

**Figure 3.** Greatest Increases & Decreases in Highest Adequacy Ratings 2004 – 2013.



## Value of Benefit Programs

FEBS participants were asked to rate the value of each currently available benefit program, with value defined as *the benefits you receive for your money*. Table 4 contains the value ratings for each benefit program in the 2013 FEBS, listed in order of highest value rating (*excellent value for the money*).

The TSP received the highest value ratings out of all of the benefit programs by a wide margin, with over three-quarters of participants indicating that it is an excellent or good value for the money. Over half of respondents rated FEHB and the FERS defined benefit program as a good or excellent value for the money, and 48.5 percent indicated the same for the FEGLI program. At the other end of the rating scale, respondents rated FEDVIP dental and vision insurance programs the most negatively, with 16 percent rating the dental program as a poor value and 11.5 percent rating the vision program as a poor value.

**Table 4.** Value of Benefit Programs

Benefit Program	Excellent value for the money	Good value for the money	Fair value for the money	Poor value for the money	Do not know/do not participate
TSP	46.5%	32.3%	13.5%	2.6%	5.1%
FERS defined benefit program (excluding TSP)	27.8%	28.9%	19.5%	5.5%	18.3%
FEHB	25.2%	32.8%	21.1%	7.8%	13.0%
Retiree health benefits	22.5%	16.2%	10.6%	3.2%	47.5%
FEGLI	20.5%	28.0%	23.5%	7.0%	20.9%
FSAFEDS	14.6%	11.5%	8.3%	3.0%	62.6%
FEDVIP: Vision	12.5%	16.4%	16.9%	11.5%	42.7%
CSRS defined benefit program (excluding TSP)	12.3%	8.2%	6.3%	1.7%	71.6%
FEDVIP: Dental	11.8%	17.5%	20.7%	16.0%	34.1%
FLTCIP	4.6%	7.5%	8.8%	4.1%	75.0%

## Value of Benefit Programs: FEBS Results from 2004 - 2013

Questions regarding the value of benefit programs were included in the previous FEBS administrations in 2004, 2006 and 2011. Analyzing the highest value rating (*excellent value for the money*) of each benefit program from 2004 to 2013, the TSP had the greatest increase, gaining eight percentage points<sup>6</sup>. FEHB value ratings saw a marginal increase, while retiree health benefits (-6 points), FEGLI (-1 point) and FLTCIP (-9 points) decreased since 2004. Figure 4 displays the greatest increase and decrease in the highest value rating from 2004 to 2013 FEBS administrations.

Although FSAFEDS was not included in the value ratings in earlier versions of the FEBS, this program had perhaps the most noteworthy finding in the value trends. FSAFEDS had a total decrease in perceived value of 24 points from 2011 to 2013. Even though the data for this program cannot be trended further back than 2011, this decrease in highest value rating represents the largest change across all benefit programs and rating categories.

**Figure 4.** Greatest Increases & Decreases in Highest Value Ratings 2004 – 2013.



<sup>6</sup> Not all benefit programs in the 2013 FEBS were included in previous administrations, and some differed significantly in wording and/or response choices. For these reasons, not all benefit programs were trended.



## Conclusions

### *The benefits of FLTCIP and FSAFEDS should be emphasized to employees*

As demonstrated by the FEBS results, the FLTCIP and FSAFEDS programs have struggled with ratings across all categories. The fact that reported enrollment is low and importance, value and adequacy scores have decreased over time presents an opportunity to increase education and communication about the benefits of each program. For example, nearly one-third of respondents indicated they are not enrolled in FSAFEDS because they do not feel as if the program is beneficial to them. Additionally, nearly one-third of participants said they did not know about the program or they did not feel as if they had enough information about the program. Educating employees on the financial benefits and gained from enrolling in this program may help to increase enrollment and program ratings.

### *TSP steadily increases in positive ratings*

TSP ratings have continued to climb in all categories since 2004, suggesting employees understand the financial benefit they receive by deferring money for retirement. Agencies should continue to promote the benefits of enrolling and contributing to the TSP, as the FEBS results show that employees understand, appreciate and value the program as an important part of their Federal employee benefits.

### *Benefit education programs*

An important responsibility for agencies moving forward is to continue sharing information about Federal benefit programs. Communication and education materials should be strategically targeted to employees and should provide real-life examples of the advantages of enrolling in the various benefit programs. For example, demonstrating the potential cost savings over the course of the year by enrolling in FSAFEDS or calculating the long-term gains of TSP investments could give employees tangible examples of program benefits.

## 2013 Federal Employee Benefits Survey: Background & Methods

**Purpose:** The Federal Employee Benefits Survey (FEBS) is the primary employee benefit data collection tool. The 2013 FEBS was designed to measure the importance, adequacy and value of employee benefits to ensure that available benefits align with best practices and employee needs. The FEBS results help the Office of Personnel Management (OPM): determine the extent to which Federal employees understand the flexibilities and benefits available to them; and, shape benefit program design and policy development. The FEBS continues to focus on capturing employee health status, health demographics and tobacco use and cessation that began with the 2011 survey administration.

**Survey Sample:** The FEBS was administered to a random sample of 38,791 full-time, permanent, non-seasonal executive branch employees of the Federal Government. Employees on-board as of February 2013 were eligible.

**Survey Mode:** A link to the web survey was sent out electronically via email invitation.

**Survey Field Period:** Administration of the FEBS began on September 4, 2013 and continued through October 22, 2013.

**Response Rate:** The FEBS had an overall response rate of 35 percent.



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