FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

Enrollment Remains Concentrated Despite More Plan Offerings, and Effects of Adding Plan Types Are Uncertain

What GAO Found

Federal Employees Health Benefits Program (FEHBP) enrollees can choose from a number of health plan offerings depending on where they live. From 2007 to 2015, the median number of plan offerings available in a county increased from 19 to 24. Of the 24 plan offerings in 2015, 19 were available nationwide and 5 were health maintenance organization plans offered in specific geographic areas. Yet despite more available plan offerings in recent years, enrollment has become more concentrated within the largest health insurance carrier in a county. Specifically, the median share of enrollment held by the largest carrier in a county increased from 58 percent in 2000 to 72 percent in 2015. Further, one carrier—the Blue Cross Blue Shield Association—was the largest carrier in 93 percent of counties in 2000 and 98 percent of counties in 2015.

The stakeholders GAO interviewed and the cost estimates GAO reviewed about the potential effects of expanding the Office of Personnel Management’s (OPM) authority to contract with more plan types than currently offered in FEHBP did not offer clear consensus about the effects. Most stakeholders supported expanding OPM’s authority; those opposed were primarily concerned about OPM adding regional preferred provider organization plans, saying this could cause program instability and higher premiums. Estimates by OPM and others differed significantly on whether the expansion would increase or decrease costs. This is because they used differing assumptions about premiums, enrollment, and other factors, and it is unclear whether the assumptions used in these estimates will be realized.