

GAO Highlights

Highlights of [GAO-18-52](#), a report to the Ranking Member, Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

FEHBP provides health care coverage to about 8 million federal employees, retirees, and their dependents through carriers that contract with OPM. The Federal Employees Health Benefits Act of 1959 limited the types of plans OPM could offer. OPM has reported that the program needs more competition between plans and more diverse health plan choices and has proposed that its contracting authority be expanded to allow a greater variety of types of health plans to participate in FEHBP than are currently allowed.

GAO was asked to examine FEHBP plan participation and the potential impact of OPM adding new plan types to the program. This report describes, among other things: (1) how the number of plans and market shares of carriers participating in FEHBP changed in recent years, and (2) what is known about the potential effects of allowing OPM to contract with a greater variety of types of health plans than are currently offered. GAO requested OPM plan availability and enrollment data by county for 2000 through 2015, but county-level availability data were only available for 2007 and 2009 through 2015.

Therefore, plan availability and market share analysis timeframes differ. GAO also interviewed OPM officials, 11 FEHBP stakeholders, such as carriers and federal employee and retiree organizations, and reviewed relevant documentation and research, such as cost estimates of the potential effects of expanding OPM's authority.

GAO provided a draft of this product to OPM for comment. The agency did not provide any comments.

View [GAO-18-52](#). For more information, contact John Dicken at (202) 512-7144 or dickenj@gao.gov.

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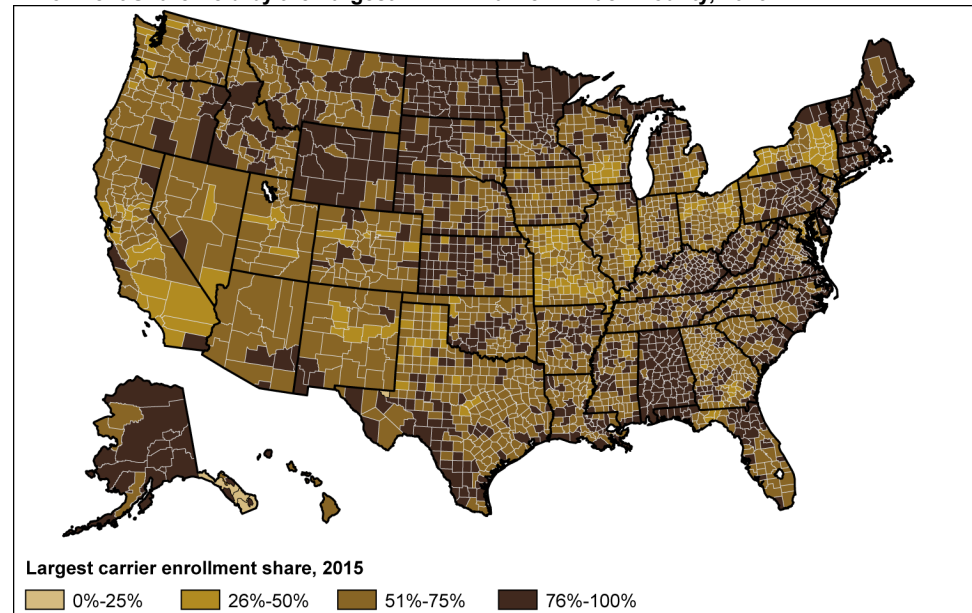
FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

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.

Enrollment Share Held by the Largest FEHBP Carrier in Each County, 2015



Source: GAO analysis of Office of Personnel Management Federal Employees Health Benefits Program (FEHBP) data. | GAO-18-52

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.