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FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

Early Experience with a Consumer-Directed Health Plan

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Highlights

Highlights of GAO-06-143, a report to the Ranking Minority Member, Committee on Finance, U.S. Senate

Why GAO Did This Study

Since 2003, the Federal Employees Health Benefits Program (FEHBP) has offered "consumer-directed" health plans (CDHP) to federal employees. A CDHP is a high-deductible health plan coupled with a savings account enrollees use to pay for health care. Unused balances may accumulate for future use, providing enrollees the incentive to purchase health care prudently. However, some have expressed concern that CDHPs may attract younger and healthier enrollees, leaving older, less healthy enrollees to drive up costs in traditional plans. They also question whether enrollees are satisfied with the plans, and have sufficient access to health care providers and discounts on health care services.

GAO was asked to study the first FEHBP CDHP, offered by the American Postal Workers Union (APWU). GAO compared the number, characteristics, and satisfaction of APWU enrollees to those of FEHBP enrollees in other recently introduced (new) non-CDHP plans, and national preferred provider organization (PPO) plans. GAO also compared the APWU CDHP provider networks and discounts to those of other FEHBP plans.

www.gao.gov/cgi-bin/getrpt?GAO-06-143.

To view the full product, including the scope and methodology, click on the link above. For more information, contact John Dicken at (202) 512-7119 dickenj@gao.gov.

What GAO Found

The APWU CDHP is a small but growing FEHBP health plan whose enrollees were younger than PPO plan enrollees, and healthier and better educated than other new plan and PPO enrollees. The average age of APWU CDHP and other new plan enrollees was the same (47 years), but younger than that of PPO plan enrollees (62 years), largely because fewer retirees and elderly people selected the new plans. Excluding retirees and the elderly, the average age of enrollees was more similar across the plans. A larger share of nonelderly enrollees in the APWU CDHP reported being in "excellent" or "very good" health status compared to the other new plan and PPO plan enrollees—73 percent versus 64 and 58 percent, respectively. Similarly, a larger share of nonelderly enrollees in the APWU CDHP reported having a 4-year or higher college degree compared to enrollees in the other new plans and PPO plans—49 percent versus 42 and 36 percent, respectively.

Enrollee satisfaction with the APWU CDHP was mixed compared to enrollee satisfaction with the other FEHBP plans. For overall plan performance, APWU enrollees were more satisfied than other new plan enrollees, but less satisfied than PPO plan enrollees. For four of five specific quality measures—access to health care, timeliness of health care, provider communication, and claims processing—APWU enrollees were as satisfied as other enrollees. On the fifth measure, customer service, APWU enrollees were more satisfied than other new plan enrollees, but less satisfied than PPO plan enrollees. In particular, a lower share of APWU enrollees were satisfied with their ability to find or understand written or online plan information, the help provided by customer service, and the amount of paperwork required by the plan.

The APWU CDHP provider networks and discounts were comparable to other FEHBP PPO plans. In 21 states, the APWU CDHP used the same networks used by other national PPO plans. In the remaining states, the APWU CDHP networks were among the most commonly used networks nationwide, or were large, nationally accredited, or comparable in size to networks used by other FEHBP plans. Across all states the average hospital inpatient and physician discounts obtained by the APWU CDHP were within 2 percentage points of the discounts obtained by another large national FEHBP PPO plan.

GAO received comments on a draft of this report from the Office of Personnel Management (OPM) and APWU. Both generally concurred with our findings. Regarding the potential for CDHPs to disproportionately attract healthier enrollees, OPM said it would continue to monitor the enrollment trends and take appropriate action to eliminate or minimize any adverse effects.