

The Truth About Congressional Healthcare

With Congress in the midst of a month-long vacation and the battle over health care reform beginning to turn ugly in some parts of the country, activists on both sides of the debate are increasingly directing their frustration at lawmakers.

Central to their disillusionment is the belief that Congress is out of touch with the average American when it comes to health care. For years the notion has persisted that U.S. Congressmen and women are graced with lavish health benefits, while the rest of us suffer with few choices and rising premiums.

Given the headaches that many Americans are forced to endure when it comes to getting and keeping health coverage, it's tempting to imagine lawmakers as members of some exclusive club, enjoying gold-plated benefits and endless perks.

But the truth is much more complicated. A cursory analysis of the benefits packages for federal employees shows that while those working for Uncle Sam do enjoy incomparable choice when it comes to selecting a provider, at least where cost is concerned, federal workers are not that much better off than the rest of us who get employer sponsored health benefits. And in some cases, private sector employees have it better.

At the moment, the maximum amount the federal government -- as an employer -- will contribute to its employees' health coverage is 75 percent; and in many cases, such as with more expensive plans, the contribution is even less. By contrast, in the private sector, the 63 percent of employers that offer health coverage contribute an average of 84 percent for singles and 73 percent for families, according to the Kaiser Family Foundation.

"Most employers contribute less towards family coverage than towards single, and the federal government is unusual in giving you the same percentage for both," explained Mark Merlis, a Philadelphia-based health care consultant and former analyst with the Institute for Health Policy Solutions in Washington. "I would say as a program the federal option is probably better for families and not quite as good for single employees [as other employer sponsored plans]."

What's more, singling out lawmakers alone for scrutiny discounts the monumental scope of the U.S. government's health benefits program. The 100 Senators and 435 members of the U.S. House of Representatives represent barely a drop in the bucket of the estimated 8.5 million federal workers and retirees covered under the Federal Employee Health Benefits Program (FEHB).

A Cornucopia of Choice

A lot of the misconception about federal employee health coverage comes from the mistaken belief that lawmakers and other government workers are covered under a uniform package of some kind.

On the contrary, FEHB more resembles a health insurance exchange system – a sort of constructed marketplace where individual plans compete for enrollees. Which leads into one of the main differences between FEHB and other employer sponsored plans: choice. For 2009, there are a total of 269 plans to choose from, ranging from the most basic benefits to comprehensive coverage, which offers the potential for enrollees to tailor coverage to suit specific medical needs and financial circumstances. By contrast more than three-fourths of workers in the private sector get just one choice, while the rest get few more than that.

Administered by the Office of Personnel Management (OPM), FEHB is the largest group health insurance market in the world. Last year the OPM oversaw \$37.6 billion in health care expenditures to provide coverage to enrollees.

To provide these benefits, the government contracts with two types of health insurance carriers: fee-for-service, whose participants or their health-care providers are reimbursed for the cost of services, and health maintenance organizations (HMO), which provide or arrange for services on a prepaid basis through designated providers.

“One hallmark of the FEHB Program is 'choice', meaning employees and retirees can use the Open Season to shop among plans and, perhaps, move to one that better meets their medical and financial needs,” said Kay Ely, OPM's associate director for human resources products and services.

Currently FEHB offers the only health coverage option with a national scope. There are 10 national fee-for-service plans -- several with both a “standard” and a “basic” coverage option -- and hundreds of regional HMOs offering a wide range of options. Since 2003 FEHB has also offered a number of high-deductible or consumer-directed health plans, which provide coverage in conjunction with a spending or savings account.

“What you have is a degree of choice that is unheard of in traditional employment-based health insurance,” said Bob Moffit, a health care analyst with the Heritage Foundation, a conservative Washington-based think tank. “People can pick and choose what they want. There is no single comprehensive benefits package in FEHB.”

The point, says Moffit, is that while most members of Congress do have robust coverage, that's more a reflection of the plan option they choose, which is open to anyone who works for the federal government – assuming they're willing and able to pay for it.

“There’s this talk that everyone should have the same benefits as congressmen and what people are really talking about is the most common plan people choose under the FEHB, which is Blue Cross/Blue Shield, which for a large employer is a pretty generous plan,” said Merlis.

Generous, maybe; but not unheard of.

“If you went to work for a Fortune 500 Company or you went to work for a unionized company then you’ll get roughly the same benefits,” Merlis says. “Probably public employees in state and local government have plans about that good. But most plans in the private sector are not that good.”

And lawmakers aren’t alone; roughly 60 percent of all FEHB participants are insured under the national Blue Cross/Blue Shield option, according to the Congressional Research Service. The standard option of the plan costs employees \$1,825 a year for self-coverage and \$4,279 for family coverage with a \$300 and \$600 dollar deductible, respectively. Enrollees may choose their own doctor, and pay a \$20 co-pay for visits.

Translated monthly, the standard version costs \$489.32 for an individual, of which a government employee pays \$152.06, and \$1120.47 for a family – a more than 13 percent increase over 2008 -- with the employee kicking in \$356.59.

A Question of Cost

Another misconception is that the government picks up the tab for covering their employees, when in fact the maximum amount the government will pony up is set.

At present that capped amount is 75 percent of the cost of the particular plan, but no more than 72 percent of the national plan average. That means the government – i.e. the American taxpayer – contributes less to the more expensive plans offered under FEHB than it does to less expensive plans.

So, for example, in 2009, the monthly average premium amounts for all plans are \$428.70 for self-only coverage and \$968.48 for family coverage. Accordingly, the maximum monthly government contribution is \$311.31 for self and \$705.12 for family. Translated annually, the government caps its yearly contribution at \$3,735.72 for individuals, and \$8,461.44 for families.

In 2008, the most recent numbers available, the average annual employer contribution in the private sector for single and family coverage was \$3,983 and \$9,325.70, respectively, according to the Kaiser Family Foundation’s Annual Report on Employer Sponsored Health Coverage for 2008, which means in some cases, private employers contribute more to their workers plans than the government.

In the past, that differential was even more drastic.

“Historically going back to the 1980s the government contribution was at one point 10 percent lower than the average corporate contribution,” said Moffit.

As for premium increases, on average, the differences between the government plans and the private sector are negligible. The officially announced average 2009 FEHB premium increase was 7 percent, slightly more than the estimated average increase for private employer sponsored plans. Over eight years, FEHB premiums have risen by an average of 69%. But that’s just the average. Because of the wide range of plans, 2009 FEHB premium fluctuations across the spectrum of plans ranged from a decrease of 49.5 percent to an increase of 173 percent, according to OPM.

“Historically it hasn’t done conspicuously better than other large employers in holding costs down – over the years its cost increases have been about the same as those for other big employers,” said Merlis of the FEHB program.

Among the HMO choices under FEHB, coverage options, pricing and benefits are about as varied as it gets. In Pennsylvania, the premiums for a family range from as low as \$587.02 per month for a high deductible plan, with the employee paying \$146.75, to as high as \$1508.76 with the employee picking up \$744.88. Deductibles also vary with some options tailored as low premium, high deductible plans, and others with higher upfront costs and low deductibles.

Of course federal employees do enjoy some perks the rest of us don’t: most notable is the absence of a prohibition on pre-existing conditions; FEHB does not price discriminate against those with chronic illnesses. Lawmakers can also pay an extra monthly stipend – reportedly somewhere between \$300-600, to access an on-site Capitol Hill doctor.

The Local Picture

Contacts to members of Congress in the Philadelphia Metropolitan area provided some insight into the nature of the benefits enjoyed by our local lawmakers.

Spokespersons for Reps. Chaka Fattah and Allyson Schwartz said neither is covered under FEHB, though they wouldn’t provide any further information about how they are covered. Both are married; Fattah to Renee Chenault-Fattah, an anchorwoman for NBC 10 (owned by General Electric) and Schwartz to cardiologist Dr. David Schwartz, which allows for the possibility, at least, that they are covered under their spouses’ plans.

As a retired vice admiral, Rep. Joe Sestak -- who recently announced his run for the Senate -- enjoys benefits under the Veterans Administration, which he says he is very pleased with and has never even considered changing.

A former carpenter, Congressman Bob Brady says he and his wife rely on his union benefits for primary coverage but are also enrolled in the national Blue Cross/Blue Shield plan. He called the coverage “terrible” compared to his union benefits -- particularly where dental and vision are

concerned. Likewise, Senator Bob Casey is also enrolled in the Blue Cross/Blue Shield family plan, according to his spokesperson Larry Smar.

As previously noted, the monthly premium for standard family coverage under Blue Cross/Blue Shield is \$1120.47, of which the employee pays \$356.59 – or \$42.12 more than they paid in 2008.

Sen. Arlen Specter's office didn't respond to inquiries about his health coverage.

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