



Health Benefits for Members of Congress

Barbara English

Information Research Specialist

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Summary

Members of Congress and retired Members are entitled to participate in the Federal Employees Health Benefits Program (FEHBP) under the same rules as other federal employees. Members meeting minimum enrollment period requirements who are also eligible for an immediate annuity may continue to participate in the health benefit program when they retire. For an additional fee, incumbent Members can receive health care services from the Office of the Attending Physician in the U.S. Capitol; in addition, Members may purchase care from military hospitals using their FEHBP benefit. Members must also pay the same payroll taxes as all other workers for Medicare Part A coverage.

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Members of Congress and retired Members are entitled to participate in the Federal Employees Health Benefits Program (FEHBP). Members receive the same benefits under the same rules as other federal employees. FEHBP is administered by the Office of Personnel Management (OPM), which has oversight of the federal workforce. FEHBP covers about 8 million individuals, including federal employees, annuitants, Members of Congress, retired Members, and their eligible dependents. Approximately 85% of all federal enrollees who are eligible participate in FEHBP (90% when federally employed spouses are included).¹

Federal Employees' Health Benefits

The federal government is the largest employer in the United States, and FEHBP is the largest employer-sponsored health insurance program. Below is a brief description of health benefit plan options, eligibility, and how premiums are financed.²

Plans and Options

FEHBP offers enrollees a choice of five government-wide fee-for-service plans and another five plans available to employees of certain small federal agencies (such as the Foreign Service). For 2010, enrollees will have 235 different plan choices, including all regionally available options, as well as choices offered by plans for standard option, high option, and high-deductible plans. Most of these plans are HMOs. An enrollee can choose between 5 and 15 options, depending on where he or she resides. FEHBP specifies three types of participating plans:

- **Government-wide**—fee-for-service plan that pays providers directly for services (this slot has always been filled by Blue Cross and Blue Shield);
- **Sponsored by employee organizations**—fee-for-service plans available to all people eligible for FEHBP, subject to annual membership dues; and
- **Comprehensive medical**—otherwise known as FEHBP health maintenance organizations (HMOs).

All FEHBP plans cover a range of benefits, including hospital, surgical, physician, mental health, prescription drug, emergency care, and “catastrophic” benefits. But there are variations in the amount the plans pay for each benefit (as reflected in coinsurance requirements and deductibles), the coverage of specific services, and the extent to which they protect enrollees from risk of “catastrophic” medical bills.

High-Deductible Plans with an HSA or HRA

In 2003, FEHBP began offering high-deductible plans coupled with tax-advantaged accounts that could be used to pay for qualified medical expenses. These plans are believed to help control costs by exposing enrollees to more risk for their health care expenditures. FEHBP first offered this arrangement by combining a consumer-driven health plan (CDHP) with a Health

¹ Office of Personnel Management, 2010 press release on FEHBP.

² For a more detailed discussion of federal employees' and retirees' health insurance, please refer to CRS Report RS21974, *Federal Employees Health Benefits Program: Available Health Insurance Options*, by Hinda Chaikind.

Reimbursement Arrangement (HRA). In 2005, FEHBP expanded this option to include a high-deductible health plan (HDHP) with either a Health Savings Account (HSA) or an HRA. Currently, both the employee organization plans and the comprehensive medical plans offer CDHPs and HDHPs. While CDHPs and HDHPs are both high-deductible plans, there are major differences between them.³

Coverage of Supplemental Dental and Vision Benefits

Separate dental and vision benefits became available to federal employees, Members of Congress, retirees, annuitants, and dependents on December 31, 2006, through the Federal Employee Dental and Vision Benefits Enhancement Act of 2004, P.L. 108-496, enacted on December 23, 2004. This allowed OPM to establish the Federal Employees Dental and Vision Insurance Program (FEDVIP). Enrollees are responsible for 100% of the premiums. Employees eligible to enroll in the FEHBP program may enroll in FEDVIP whether or not they are actually enrolled in FEHBP. There is no length of time participants must be enrolled in FEDVIP to continue coverage into retirement as there is with FEHBP.⁴

Eligibility and Participation

The large majority of federal employees are eligible for FEHBP unless they are excluded by law. There are special provisions for part-time, intermittent, and temporary appointments. New employees and employees with special situations, such as change in family status, have 60 days to elect FEHBP coverage and they may enroll or change from one plan to another during designated “open season” periods. A little over half of all FEHBP members and their dependents participate in one of the Blue Cross and Blue Shield federal employee plans.

FEHBP does not require: a medical examination, a pre-existing condition exclusion, or a waiting period (74% of all workers with employer-sponsored health insurance⁵ face a waiting period before coverage is available; the average waiting period is 2.2 months⁶).

At the time of retirement, Members and other federal employees receiving an immediate annuity⁷ have a one-time election to continue to participate in FEHBP as a retiree, provided they have been enrolled for at least five years before retirement (or if less, must have been enrolled from the last day in the period in which the employee became eligible to enroll in the plan up to the date on which the employee became an annuitant) and are eligible for an immediate annuity. Like active workers, retirees may enroll as individuals or may elect family coverage for themselves, their spouse, dependent children under the age of 22, and a dependent who is incapable of self-support because of a mental or physical disability that existed before the age of 22.

³ Ibid. For a full discussion of health care tax-advantaged accounts, refer to CRS Report RS21573, *Tax-Advantaged Accounts for Health Care Expenses: Side-by-Side Comparison*, by Bob Lyke and Chris L. Peterson.

⁴ For more details on FEDVIP, please refer to CRS Report RS22535, *Federal Employees Dental and Vision Insurance Program (FEDVIP)*, by Hinda Chaikind.

⁵ This includes all FEHBP participants who have no waiting period.

⁶ Kaiser Family Foundation, *Employer Health Benefits, 2009 Annual Survey*. (Hereafter cited as Kaiser Family Survey, 2009.)

⁷ Individuals who retire with at least minimum retirement age plus 10 years of service and postpone receipt of an annuity can enroll in FEHBP and FEDVIP when they begin to receive their annuity.

Financing

The federal government and enrollees jointly pay for the cost, or premiums, of the FEHBP plans. The Balanced Budget Act of 1997 (BBA 97, P.L. 105-33) established the current formula for determining the government’s contribution, which became effective January 1999. The government’s share is an amount equal to 72% of the average premium of all participating plans (weighted by the number of plan participants) but no more than 75% of the premium of any individual plan. This formula is applied separately to self only and family plans. Participants pay an average of 30%, but no less than 25% of premiums, and could possibly pay more depending on the plan they select. Refer to **Table 1** below for the average FEHBP premium for 2010.

Table 1. Average FEHBP Premium Amount for 2010

Government Share	Enrollee’s Share	Total
\$6,287.84	\$2,724.54	\$9,012.38

Source: 2010 Press Release on FEHBP from the Office of Personnel Management.

Current federal employees (not annuitants), including Members of Congress, are also eligible to participate in the voluntary federal Flexible Spending Accounts (FSA) program. The FSA is funded by employees from pre-taxed salary amounts; this reduces the employee’s taxable income. The government does not make any contribution to the FSA. The health care FSA can be used to pay for certain qualified medical expenses that are not reimbursed or covered by any other source. These expenses include coinsurance, copayments, deductibles, dental care, routine eye exams, glasses, hearing aids, as well as certain over-the-counter medical supplies that are not cosmetic in nature. Though similar to HSAs, FSAs are stand-alone accounts that are not restricted to any type of health plan, while HSAs are available only to employees who elect an HDHP. HSA balances roll over from year to year, whereas FSA money is lost if the beneficiary does not spend it within 2½ months after the end of the calendar year. Employees choosing to participate in a health care FSA must put at least \$250 and no more than \$5,000 per year into the account. Employees enrolled in an HSA may enroll in a limited expense health care FSA that can be used to cover qualified dental and vision care.

During the annual FEHBP open season, an employee may make a new election amount to be set aside in the upcoming year for their FSA. Federal employees eligible for FEHBP (even those not currently enrolled) may elect a health care FSA.

Private Sector Comparability

For individual coverage, the employer’s contribution in the private sector is generally more generous than the federal government’s FEHBP contribution for its employees. According to the Department of Labor, private sector employers’ share for coverage averages 82% for individual coverage and 71% for family coverage,⁸ compared with FEHBP’s payment of 72% of the average premium of all participating plans. The employer share for single coverage is greater in state and local governments (90%).

⁸ U.S. Department of Labor, Bureau of Labor Statistics, *Employee Benefits in the United States, March 2009*, Tables 3 and 4, July 28, 2009.

FEHBP's family coverage includes all families of two or more, whereas private sector plans may have different premiums for family plans depending on the family size. Under FEHBP's family coverage, a family of two pays the same premium as a family of three or more.

While FEHBP participants have the advantage of a wide choice of plans, just over half (53%) of other covered workers are employed in a firm that offers more than one health plan type. Sixty-eight percent of covered workers in large firms (200 or more workers) are employed by a firm that offers more than one plan type.⁹

The number and percentage of people covered by employment-based health insurance has been decreasing. In the private sector, coverage dropped from 69% of workers in 2000 to 60% in 2007.¹⁰ In 2009, 60% of firms offered health benefits, which is not statistically different from the 63% reported in 2008.¹¹ In particular, retiree health coverage has been hit the hardest. Twenty-nine percent of large firms that offer health benefits to their employees offered retiree coverage in 2009, similar to 31% in 2008 but down from 66% in 1988.¹² FEHBP is available to federal retirees at the same cost and with the same benefits offered to active employees.

In terms of premium increases, the Government Accountability Office (GAO) found that starting in 2003, FEHBP premium rate of growth was generally slower than for other purchasers. According to GAO testimony, since 2003, the average growth rate of FEHBP premiums has been 7.3% compared with 10.5% for the employer-sponsored plans surveyed by the Kaiser Family Foundation/Health Research Educational Trust. Premium rate growth for the 10 largest FEHBP plans (based on enrollment), that accounted for about three-quarters of total enrollment, ranged from 0% to 15.5% for 2007.¹³

Other Health Benefits for Members

In addition to the FEHBP, current Members of Congress can receive certain services from the Office of the Attending Physician in the U.S. Capitol (OAP) for an additional annual fee. OAP provides services for congressional employees, pages, tourists, visiting dignitaries, as well as the Members of Congress. The annual fee in 2010 is the same as it was in 2009, \$503. Dependent (family) care is not included. Other services not covered include surgery, maternity care, dental care, and eyeglasses. Prescriptions may be written, but not filled by this office, except for starter doses and emergencies. The Office of the Attending Physician maintains one main office in the Capitol building and has five other health stations in various locations.¹⁴

Incumbent Members of Congress are also authorized to receive medical and emergency dental care in military treatment facilities. There is no charge for outpatient care if it is provided in the

⁹ The Kaiser Family Foundation and Health Research And Educational Trust, *Employer Health 2007 Benefits Annual Survey*, p. 56.

¹⁰ Kaiser Family Survey, 2009, p. 29.

¹¹ Kaiser Family Survey, 2009, p. 36.

¹² Kaiser Family Survey, 2009, p. 164.

¹³ Government Accountability Office, *Federal Employees Benefits Program, Premiums Continue to Rise, but Rate of Growth Has Recently Slowed*, Statement of John E. Dicken, GAO-07-873T, May 18, 2007.

¹⁴ For background information on the Office of the Attending Physician, see CRS Report RS20305, *The Office of Attending Physician in the U.S. Congress*, by Mildred Amer.

National Capital Region. For inpatient care, Members are billed at full reimbursement based on rates set by the Department of Defense. FEHBP insurance may cover these expenses after a deductible or copayment is met. Members pay out of pocket for expenses not covered by FEHBP or other insurance. Dependents of Members are not eligible for care in military hospitals.

Medicare

All federal employees, including Members of Congress, must pay tax on their wages for Medicare Hospital Insurance (HI, or Medicare Part A). Coverage was initially established under P.L. 97-248, the Tax Equity and Fiscal Responsibility Act of 1982 (enacted September 3, 1982—effective January 1, 1983). Section 278 provides that federal employment excluded from Social Security coverage will be subject to the Hospital Insurance (HI) portion of Social Security payroll taxes.¹⁵ Workers and their employers each pay 1.45% of earnings. Individuals must have at least 40 quarters of Medicare-covered employment to be eligible for Medicare HI.¹⁶

Enrollment in Medicare Part B, Supplementary Medicare Insurance (SMI), and Medicare Part D, prescription drug coverage (available since 2006), is voluntary, and qualified individuals choosing to enroll are required to pay a monthly premium. Generally, individuals who do not enroll in Part B or D during their initial eligibility period are subject to a penalty. However, for Part B, individuals covered by an FEHBP plan either through their own or a spouses' active employment (not annuitant coverage), may wait until either they or their spouses retire to enroll without incurring a delayed enrollment penalty. If an individual maintains FEHBP coverage and at a later date decides to enroll in Part D, there is no late enrollment penalty.

Author Contact Information

Barbara English
Information Research Specialist
benglish@crs.loc.gov, 7-1927

¹⁵ Source: <http://www.ssa.gov/legislation/history/97.htm>

¹⁶ For a full discussion of wage taxes, refer to CRS Report 94-28, *Social Security and Medicare Taxes and Premiums: Fact Sheet*, by Dawn Nuschler.