



EAP/Carrier Meeting
October 16, 2000

FEHB Program Overview

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Overview

- **Model Program**
- **Law enacted 9/28/59**
 - Became effective first pay that began on or after 7/1/60
 - Title 5, United States Code
 - 5 CFR 890
 - FEHB Acquisition Regulations (FEHBAR) - 48 CFR 16
 - OPM is given contracting authority

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Overview

- **The law tells us**
 - Who's covered
 - What kind of plans
 - What kind of benefits
 - How to compute the government contribution

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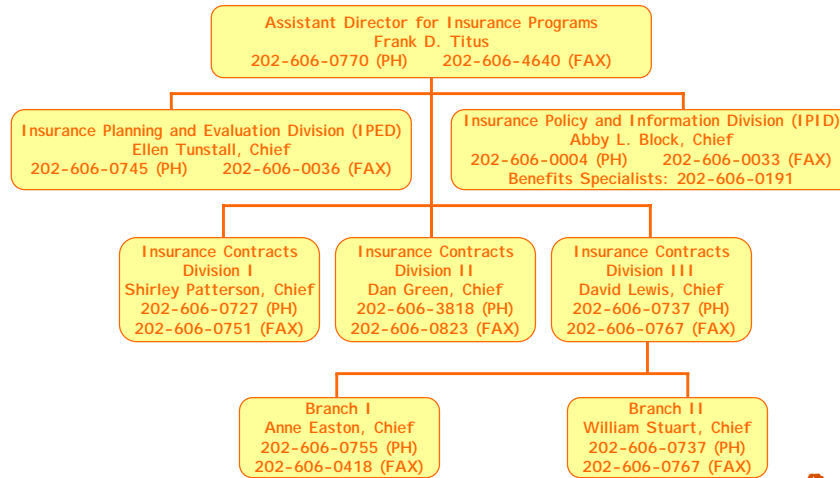
Overview

- **Carrier Competition for Enrollees**
 - Annual Open Season
- **Consumer Choice**
 - Competitive rates & comprehensive coverage
 - Delivery of care - providers make the difference
 - Customer Service
 - Quality
- **Continuation of Coverage**
 - TCC
 - Conversion

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OIP Organization Chart



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The Numbers

- **Over 4.1 million enrollees**
 - 2.2 million employees
 - 1.9 million retirees, surviving spouses, others
- **Almost 9 million lives**
- **Over \$19.7 billion in premiums paid**

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The Numbers

- **245 Health Plans in 2001**
 - Fee-For-Service (13)
 - 7 Open
 - 6 Closed
 - HMO (232)
- **Some HMOs and Fee-For-Service plans offer Point-Of-Service products**

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FEHB Timeline

- **January 1 - New contract year begins**
- **January 31 - New plan applications**
- **March-April**
 - Benefit Call Letter
 - Rate Call Letter
- **April**
 - Mandatory brochure language
- **May**
 - Distribution Call Letter

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FEHB Timeline

- **May 31 - Carrier benefit & rate proposals**
- **July - August**
 - Benefit and rate negotiations
- **September-October**
 - Standard contract amendments
 - Carriers typeset and print brochures
 - FEHB Guides typeset
 - NEWS RELEASE

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FEHB Timeline

- **October**
 - FEHB Guides printed & shipped
 - Brochures delivered
 - FEHB Guides delivered
- **November 1 - OPM Online**
 - www.opm.gov/insure/health
- **Mid-November - Mid-December -**
 - OPEN SEASON
 - November 13 - December 11 for 2000

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Contract Negotiations

Contract Negotiations

- **New applicant plans contact OPM to join FEHB**
- **To be approved, a carrier must offer:**
 - Hospital Care
 - Medical and surgical care and treatment
 - Obstetrical benefits
 - Prescription drugs
 - Other medical services and supplies



Contract Negotiations

- **OPM evaluates:**
 - Operational structure
 - Provider network
 - Financial viability
- **Typically, once in plans stay in unless they decide to terminate**

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Contract Negotiations

- **Approved plans conduct benefit and rate negotiations**
 - Starts with OPM Call Letter issued in the spring
 - By regulation, benefit and rate proposals are due by May 31

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Fee-For-Service Plans

- **Generally changes must be “cost neutral”**
- **Statutory requirements apply:**
 - **When services are performed by certain providers**
 - **When covered services are provided by any licensed or otherwise designated provider in medically underserved areas**

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HMOs

- **Minimum benefits for both experience rated and community rated HMOs:**
 - **Benefits mandated for plans Federally qualified by the Department of Health and Human Services (HHS)**
 - **OPM-specified benefits**
 - **Benefits required by Congress**

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HMOs

- **Community Rated HMOs**
 - OPM purchases benefit package sold to most groups
- **Experience Rated HMOs**
 - OPM purchases benefit package with comprehensive benefits

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Requirements

- **HHS Requirements include:**
 - **Most medical care and hospital services:**
 - Office visits
 - Surgery
 - Diagnostic lab tests and x-rays
 - Hospital care
 - Chemotherapy
 - Home health services

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Requirements

- **OPM Requirements include:**
 - **Certain organ transplants and autologous bone marrow transplants**
 - **Prescription drugs**
 - **Mental health and substance abuse parity**

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Mental Health and Substance Abuse Parity

Background

- **OPM has negotiated improvements in mental health and substance abuse benefits over the last few years**
- **June 7, 1999**
 - President Clinton directed OPM to achieve mental health and substance abuse parity in FEHB by 2001
- **Washington Business Group on Health (WBGH) report**

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Goals of Parity

- **Eliminate differences in benefit levels and limitations between network mental health and substance abuse and medical, surgical and hospital services**
- **Expand range of benefits offered**
- **Maintain cost effectiveness**

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2001 Delivery Systems

- **May include:**
 - Managed behavioral healthcare organizations (MBHO)
 - Gatekeeper referrals
 - Treatment plans
 - Case management
 - Disease management

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2001 Covered Services

- **Diagnostic and Statistical Manual of Mental Disorders, 4th Ed.(DSM IV)**
 - ALL categories, IF...
- **Included in approved treatment plan**
- **In accordance with standard protocols**
- **Meets medical necessity determination criteria**

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2001 Benefit Parity

- Parity will apply to in-network benefits only
- Out-of-network limitations and exclusions may continue to apply
- Current limitations on medical benefits may continue and same limits may apply to MHSA benefits

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2001 Benefit Parity (cont.)

- Network benefit levels based on comparable medical treatment levels
- Combined or separate deductibles and catastrophic limits for medical and MHSA services
- Transitional care coverage
- 24-hour access
- Disputed claims procedures

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2001 Limitations

- **Plans may limit benefits or not provide benefits only when:**
 - Patients do not substantially follow their treatment plans
 - Services covered and paid for by public entities

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Federal Employees Assistance Programs (EAP)

- **OPM encourages use of existing EAP contacts to facilitate appropriate member referrals**
- **Plans should communicate:**
 - parity benefits
 - network entry procedures
 - authorization processes
 - care transition procedures
 - telephone systems

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Parity Education

- EAPs
- Members
- Provider Network
- Plan personnel

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Now for Some Specifics

- Frank Titus and representatives of MBHOs contracted to provide services in 2001 will give you some more specific information about parity implementation.

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QUESTIONS?