

April 10, 2013

The Honorable Tom Carper
Chairman, U.S. Senate Homeland Security
and Government Affairs Committee
513 Hart Senate Office Building
Washington, DC 20510

The Honorable Tom Coburn
Ranking Member, U.S. Senate Homeland
Security and Government Affairs Committee
172 Russell Senate Office Building
Washington, DC 20510

The Honorable Darrell Issa
Chairman, U.S. House Oversight and
Government Reform Committee
2347 Rayburn House Office Building
Washington, DC 20515

The Honorable Elijah Cummings
Ranking, U.S. House Oversight and
Government Reform Committee
2235 Rayburn House Office Building
Washington, DC 20515

Dear Chairmen and Ranking Members:

We are writing in support of a provision contained in President Obama's FY14 budget intended to modernize and update health care choices available to the Federal Employee Health Benefits (FEHB) Program. This proposal will bring higher quality and better value to the federal government, its employees, and the taxpayers we serve. We urge you to advance this provision through your respective committees in a deliberative and expeditious manner soon.

It is important for employers who sponsor health plans to have the resources necessary to offer a choice of affordable, high-quality health plans to their employees. This is as true of the federal government in its role as an employer as it is of any other employer. However, unlike other employers, Congress must act to modernize and update the law and allow the federal government (through the Office of Personnel Management (OPM)) the ability to provide its employees more choice and coverage options in line with today's employer offerings.

More than 8 million federal employees, retirees, and their family members in all 50 states and around the world participate in the FEHB Program. The \$47 billion program is the largest employer-sponsored health plan in the United States. When it began in 1959, a key premise of the program, according to OPM, was that "competition among health plans will result in lower prices and better value for the government and enrollees." Unfortunately, the rules that govern health plan entry into the program are outdated – still reflecting the way health care was delivered 50 years ago. This serves to erode competition and limits federal employee health plan participants from being able to choose a health plan that best meets their needs. As a result, there are no real incentives in place to improve plan quality and value, and federal workers are left with much fewer choices than their private market counterparts. In fact, an OPM white paper concluded last year that "the competitive environment is not as robust as it should be."

Federal employees do not have access to benefit package choices that mirror market options with products tailored to individuals' primary and preventative health care needs. Plans offered by many employers have modernized to provide superior care coordination, clinical interventions,

and consumer engagement and provider empowerment tools. These features help individuals maximize their health and serve to drive down health care cost trends over time. This is the key health care innovation of recent decades that federal employees have been excluded from.

Congress can easily fix this problem by giving OPM the flexibility it needs to increase competition. This will ensure OPM has the tools it needs to lower costs and provide federal workers access to innovation, choice, and value. Current law places outdated and artificial limitations on OPM's ability to accept new health plans, and does not adequately recognize the evolution in the health care market place during the 50 years since the program began. A simple amendment to Section 8903 of Title 5 of the U.S. Code would enable more plan types to participate in the program. This amendment would simply level the playing field by allowing more competition in the Program.

We look forward to providing you more information about this issue, as you consider the Administration's budget proposal in your committee this year. We support efforts to modernize the Program and provide federal employees the same access to choice and quality as their private sector counterparts. By enabling competition among health plans, you will ensure lower prices and better value for the government and federal employees.

Sincerely,

Aetna

Humana

UnitedHealth Group