

**STATEMENT OF CHAIRMAN DANNY K. DAVIS
AT THE SUBCOMMITTEE ON FEDERAL WORKFORCE
AND POSTAL SERVICE, AND THE DISTRICT OF COLUMBIA
HEARING ON**

FEHBP and the 2009 BlueCross BlueShield Health Benefit Plan

December 3, 2008

The Federal Employees Health Benefits Program (FEHBP) is arguably the gold standard for employee sponsored health insurance programs. It provides health insurance coverage to approximately 8 million people, including Members of Congress, and is the largest employer-sponsored health insurance program in the United States. The Office of Personnel Management (OPM) negotiates plan benefits with the health plans and is responsible for ensuring that the federal government and its employees get good value for their health care dollars. Yet, the program still struggles with high premium costs and plan quality.

Last week my Subcommittee office received numerous calls from Congressional staff, Members' offices and plan participants about changes to the 2009 Blue Cross Blue Shield standard option benefit plan. Spurred by reports in the *Washington Post's Federal Diary* column, *Roll Call*, and most recently, *US News and World Report*, all the callers expressed outraged about the changes.

One Blue Cross Blue Shield subscriber wrote in an email to my staff, "I thought that OPM was supposed to represent the interests of federal employees and retirees in negotiating coverage. The 13 percent increase in premiums coupled with the dramatic reduction in coverage for out of network surgical expenses makes me wonder, who, indeed, is at the helm...the 2009 proposed coverage would also expose subscribers to financial duress."

In addition to the 13 percent increase in premiums for the Blue Cross Blue Shield standard option; 2009 beneficiaries will be responsible for paying up to \$7,500 for surgery performed by a *non-participating physician*, except in the case of medical emergencies or accidents; and for mail-order brand-name drugs, the copayment will be raised to \$65 per prescription for the first 30 prescriptions filled or refilled and \$50 thereafter. This is of concern to many individuals because the current fee to fill a prescription is \$35.

Who, indeed, is at the helm? Are these changes emblematic of larger concerns and challenges? While plan participants can use in-network physicians, or simple opt out of Blue Cross Blue Shield and into one of any number of other plans, we must question the structural framework of the program, plan negotiations, and what led Blue Cross Blue Shield to implement such drastic changes.

This issue deeply concerns me -- Blue Cross Blue Shield is one of our nation's oldest and most prominent nonprofit health insurance companies. When patients turn to "name brand" health insurers like Blue Cross Blue Shield, they do so for their physical, mental and social well-being. While I understand that Blue Cross is re-examining its 2009 benefit option, and I am pleased that it is doing so, Americans, FEHBP participants included, can no longer assume that their current health insurer will perform reasonably.

There is a lesson here for those seeking to reform America's health care system. Expansions in coverage must mean more than simply paying for health insurance policies. At a minimum, this case shows us that we also need to consider appropriate regulations and oversight to ensure that Americans will actually get the care they need at affordable rates.

I look forward to the testimony of today's witnesses. It is my belief that today's hearing will not only assist plan participants in choosing a health plan before open season closes on Monday, but it will also assist the Subcommittee in setting its hearing agenda for FEHBP during the next session.