

Scenario #10 – Representative James Timmons, (R-WA) elected to Congress in 1990

Representative Timmons is a lawyer by profession until he ran for his district's House seat, defeating a Democratic incumbent who proposed health care reform and changing some tax programs in order to support expanding universal coverage. He has met the "time in" requirement in order to receive full retirement and healthcare benefits as one of the 8 million federal employees.

Rep. Timmons has recently begun to dread going home to his district and hearing the desperate straits of some of his constituents who can't afford health insurance. He is also aware that the bankruptcy rate in his district has increased by 12% in the last three years due to medical bills. He can't see a way to expand Medicare to everyone without bankrupting the whole system given the surge of baby boomers coming into the program. He is fiscally conservative and would like to solve the health care crisis in an American way, rather than adapt some other country's system like Canada.

Rep. Timmons has more of an insider's view of the health care crisis than some of his colleagues. His son is an emergency room physician and was furious when he heard President Bush say that anyone can go to the emergency room, thereby giving all Americans access to care.

Federal Employees Benefits

Federal Employees & Elected Officials – Senators, Representatives

- Federal Employees Health Benefits Program (FEHB)
Provides health insurance benefits to about **8 million** Federal enrollees and dependents.
- Members of Congress receive retirement and health benefits under the same plans available to other federal employees. They become vested after five years of full participation.
- About 70% of FEHBP participants were enrolled in fee-for-service plans in 2002. The three largest plans, all fee-for-service, account for almost two-thirds of FEHBP enrollees. The Blue Cross Blue Shield standard option plan alone accounts for nearly half of all FEHBP enrollment.
- Many HMOs have terminated their participation in FEHBP. In 2002, federal workers in 11 states had no choice of an HMO. The number of HMOs participating in FEHBP declined from 276 in 2000 to 170 in 2002.

Federal Employees to See Moderate Rise in Health Insurance Premiums

Health insurance premiums for federal employees and retirees will increase by an average of 2.1 percent next year, the Office of Personnel Management announced this afternoon.

Officials said they held down the rate increase, which is substantially lower than what most other workers will be asked to pay in 2008, by dipping into excess financial reserves of the Federal Employees Health Benefits Program, which provides about \$35 billion in health-care benefits annually.

The decision to tap the reserves provides federal employees with their second break in a row on premiums. This year's average premium was only 1.6 percent, on average, the lowest annual increase in the employee program since 1997.

The federal program will offer 283 plans next year and will provide insurance coverage to about 8 million Americans: civil service and postal workers, retirees, and family members. The government picks up about 70 percent of premium costs in its role as employer.

Next year, individuals will pay an average of \$1.58 more per two-week pay period, and families will pay \$4.11 more biweekly, officials said. About 60 percent of the federal program's enrollees are in two plans provided by the Blue Cross and Blue Shield Association, and Blue Cross enrollees will see an increase in their share of the premium.

Enrollees in the Blue Cross standard option will pay \$62.15 biweekly, \$4.85 more than this year. Families covered by the standard option will pay \$145.14 biweekly, or \$10.84 more.

The Blue Cross basic option, which requires enrollees to stay in the Blue network, will raise premiums after three years of no rate increases. The enrollee cost will be \$39.13 for individuals, up \$1.14, and \$91.66, up \$2.67, for families on a biweekly basis.

The use of the cash reserves brought down next year's premium by 3 percentage points, officials said. The use of the program's reserves reduces rate increases next year for national, fee-for-service plans, which are required to set aside money for contingencies. The program's health maintenance organizations do not build up reserves because they operate on fixed-price contracts each year, according to officials.

The use of the financial reserves to lower this year's and next year's rates has worked to the advantage of federal employees. The average cost of private-sector, employer-provided health insurance rose 6.1 percent this year, according to a survey released this week by the Henry J. Kaiser Family Foundation. Mercer Health & Benefits, a part of the global consulting company, projects that private-sector premiums in 2008 will increase by 6.7 percent, based on a survey of 1,557 employer plans. The California Public Employees' Retirement System, which covers 1.2 million state and local government employees and retirees, has approved a 6.3 percent premium increase for 2008.

By [Stephen Barr](#) Washington Post Staff Writer Thursday, September 13, 2007; 4:20 PM