THE MITCHELL AND GEPHARDT BILLS PROTECT FEDERAL EMPLOYEES

THE MITCHELL AND GEPHARDT BILLS PROTECT THE BENEFITS OF FEDERAL EMPLOYEES WHILE ADAPTING THE PROGRAM TO HELP COVER ALL AMERICANS

Today, Federal employees and retirees have true health security. They can pick their own doctor and health plan. Their employer pays a big share of the premium. They can't be denied coverage if they have a pre-existing condition. And because they buy insurance as a group, federal employees and the government pay a fair price for insurance. The Mitchell and Gephardt bills preserve health security for Federal employees.

The bills protect the benefits that Federal employees get today and the rates they pay for coverage. Other Americans will be allowed to join FEHBP, but the risk pools and premium rates for Federal and non-Federal enrollees will be merged very gradually. This will protect Federal employees from rate increases caused by any adverse selection during the transition period.

In fact, Federal employees will have even greater security than they have currently. Today, not all Federal employees retain coverage under FEHBP when they leave government service. Under the Mitchell and Gephardt proposals, no one will lose coverage if they lose or leave their job. Subsidies will be available to help families with low incomes pay for insurance.

GEPHARDT

Protects benefits for Federal enrollees

- The Gephardt bill requires the federal government to maintain the level of benefits currently provided to federal enrollees. "Maintenance of effort" policies -- **paid for by the government** -- will ensure that if Federal enrollees choose an HMO, they will have the same benefits and cost sharing as under the Kaiser plan today. If enrollees choose a fee-for-service plan, they will have the same benefits and cost sharing as under Blue Cross/Blue Shield Standard Option.

- The government contribution formula will change immediately to avoid anticipated fluctuations in the government's share due to the moderation of rate increases among the "Big 5" plans and the eventual phase-out of the "phantom formula."

Protects Federal enrollees from adverse selection and premium rate increases

- The Gephardt bill protects federal enrollees by establishing rigorous conditions that must be met before a parallel FEHBP is created that is open to other Americans.

- Federal and non-Federal enrollee risk pools and premium rates first remain separate and then are blended gradually over several years.

MITCHELL

Protects benefits for Federal enrollees

- Federal enrollees are offered supplemental plans. OPM must meet and confer with Federal employee and annuitant representatives about supplemental benefit and cost sharing plans, including any premium contributions that will be made by the Federal government.

Protects Federal enrollees from adverse selection and premium rate increases

- Federal and non-federal enrollee risk pools and premium rates initially remain separate. Rate blending does not begin until January 1, 2005.