

Statement of Chairman Tom Davis
Government Reform Subcommittee on the Civil Service
Field Hearing, “You Can’t Always Get What You Want ... What If the
Federal Government Could Drive Improvements in Health Care?”
Monday, September 15, 2004
Pittsburgh, PA

Mr. Murphy and Members of the Subcommittee, thank you for holding this important hearing today.

All of us here recognize the importance of the Federal Employees Health Benefits Program (FEHBP) to the Federal government – it is one of our primary recruitment and retention tools. FEHBP covers over 8.6 million individuals, including 2.2 million federal and postal employees, 1.9 million federal annuitants, and 4.5 million dependents. The program provided approximately \$24 billion in health care benefits last year alone.

We also recognize that as one of the nation’s largest purchasers of healthcare services, the Federal government can and should lead by example to drive improvements in healthcare for all Americans. Market-orientation and consumer choice have been hallmarks of the program’s success, allowing consumers to tailor their healthcare coverage to their individual needs, and enabling them to compare the costs, benefits, and features of different plans.

Healthcare premiums have increased by an average of well over 10 percent a year since 1998, a trend which promises to continue into the near future given the increased costs for prescription drugs and outpatient care. The time for action is here. There are many areas where the Federal government can promote high-quality, affordable, flexible and responsible healthcare for all Americans through the FEHBP, and we must do so. I am particularly interested in hearing today on the issues of promoting preventative care and the use of health information technology to reduce costs and medical errors.

I commend the Subcommittee for taking a look at this issue today and I look forward to hearing the testimony of our distinguished panelists. I look forward to working with all of you as we continue to explore how the Federal government can leverage its unique abilities to see how the FEHBP can not only continue to be a model for employer-provided healthcare coverage, but also serve as a model for improving healthcare for all Americans.