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“Oversight of the Federal Employees Health Benefits Program and the Federal Long-Term Care Insurance Program” Opening Statement March 24, 2004

Thank you all for joining us today as we examine both the venerable Federal Employees Health Benefits Program and the very new Federal Long-Term Care Insurance Program. More than 8 million federal workers, retirees and their families are covered by the FEHBP and more than 20 million people are eligible for long-term care insurance, and we want to look at several issues facing both programs.

The FEHBP is widely considered to be a model employer-provided health insurance program – yet there are pressing issues facing the program. For one, there is the question of whether cost-accounting standards should be applied to the program, and what effect that might have on Blue Cross/Blue Shield, its largest carrier. There is also the possible addition to the program of Health Savings Accounts, which would allow individuals to use tax-free money to pay for qualified medical expenses – and I am interested to hear from our witnesses how they view the impact of HSAs on the federal health program. We will also discuss the Office of Personnel Management’s long-term vision for the FEHBP, including the number and types of coverages offered, the level of government contributions, and at how the addition of Flexible Spending Accounts is working.

Our other subject is the Federal Long-Term Care Insurance Program. Established by legislation in 2000, the federal long-term care program is designed to cover injuries or conditions that prevent people from performing the tasks of everyday life. While more than 20 million people are eligible for the insurance, I’d like to know how many actually signed up. As of last year, the number was slightly over 200,000, so I wonder if that indicates any problem with the federal coverage offered, or whether people just don’t know about the insurance. There is also the question of whether the long-term care program should be opened up to more than one carrier.

I look forward to our discussion.

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