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1750 H St., NW • Washington, DC 20006 • (202) 572-5500 • www.nteu.org

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Contact: Dina Long,
(202) 572-5500

Kelley Welcomes Smaller FEHBP Increase, But Questions Impact of Using Cash Reserve

Washington, D.C.—The leader of the nation’s largest independent union of federal workers today asked the Office of Personnel Management (OPM) to provide “a clearer understanding of the ramifications” of using cash reserves to hold the average increase in federal employee health insurance premiums to 2.3 percent in 2007.

President Colleen M. Kelley of the National Treasury Employees Union (NTEU) raised the issue in a letter to OPM Director Linda M. Springer. Noting that if the cash reserves of the Federal Employees Health Benefits Program (FEHBP) hadn’t been used, the likely average premium increase for next year would have been seven percent, President Kelley posed a number of questions:

- Why are additional reserves currently available in the fund to cover 2007? Is it a function of costs decreasing or employees having contributed too much in past years;
- Have claims been coming down or coverage been less under the plans, thus resulting in greater reserves;
- What are OPM’s current minimum requirements of carriers for reserve funds? What is the minimum amount of reserves set aside under FEHBP in current law;
- Will sufficient reserves now be left in 2007 in the event a plan goes out of business, or a higher-than-expected level of claims comes in?

“As dedicated public servants, our federal employees and retirees deserve all relevant information about their own health plans and the health of FEHBP,” the union leader said.

FEHBP is the nation’s largest health insurance plan, covering more than eight million federal workers, retirees and their families.

President Kelley said the estimated 2.3 percent average increase for federal enrollees—which she described as “a decidedly lower level of increase than previous years”—clearly would have an impact on public servants as they choose their health insurance coverage for the coming year.

(MORE)

NTEU Seeks FEHBP Information from OPM—Add One

NTEU persistently has called on OPM to use the considerable marketing clout of FEHBP when it comes to soliciting bids from private insurers in an effort to secure for plan participants the best possible insurance at the most reasonable cost. The union also has been a leader in the fight for legislation that would increase the share of health care premiums the government pays on behalf of employees.

As the largest independent federal union, NTEU represents some 150,000 employees in 30 agencies and departments.

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