



OFFICE OF THE DIRECTOR

UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, DC 20415-1000

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The Honorable Susan M. Collins
Chairman
Committee on Homeland Security and
Governmental Affairs
United States Senate
Washington, D.C. 20510

Dear Madam Chairman:

We respectfully submit this report on hearing benefits in the Federal Employees Health Benefits (FEHB) Program. This report examines the overall feasibility of offering additional hearing benefits under the FEHB Program, in addition to detailing the current benefits offered by the Program. It was prepared in response to a joint request made by the Senate Committee on Homeland Security and Governmental Affairs (then, the Committee on Governmental Affairs) and the House Committee on Government Reform pending the proposed legislation for enhanced dental and vision benefits for Federal employees. In May of 2005, we provided an interim report on the status of our review.

The enclosed report includes the following information: 1) A description of the hearing benefits currently available under the FEHB Program, 2) a description of additional hearing benefits currently offered by carriers participating in the FEHB Program, 3) a description of specific hearing benefits that could be offered in addition to those currently available to FEHB enrollees; 4) a description of the specific classes of individuals to whom those additional benefits could be made available; 5) a description and assessment of the various contracting arrangements by which the Federal Government could make additional benefits available; 6) the estimated cost of those additional benefits; 7) a description of how additional benefits could be made available through the FEHB Program, supplemental plans outside of the FEHB Program, or any other hearing coverage delivery method; and 8) an analysis of the advantages and disadvantages associated with those different delivery methods.

The Office of Personnel Management (OPM) contracted with Aon Consulting, Inc. (Aon) to produce this report. Aon conducted research on hearing benefits available under other public and private sector health plans and systems in order to ascertain the current status of hearing benefits in the marketplace. OPM staff and Aon representatives also met with interested parties, including the American-Speech-Language-Hearing Association, the Hearing Industries Association, the American Academy of Otolaryngology, the International Hearing Society and the U.S. Department of Veterans Affairs.

Coverage for hearing benefits in the FEHB Program varies due to the Program's wide variety of consumer choices. The report provides a summary of hearing benefits offered in the nationwide fee-for-service plans, which comprise approximately 72 percent of active and retired enrollees. All FEHB participants are eligible to enroll in these nationwide plans. In general, the nationwide plans offer benefits for hearing loss as a result of accident or illness; provide limited coverage for screenings for adults; provide some coverage for cochlear implants as a prosthetic and/or surgical procedure; but do not generally provide coverage for hearing aids or assistive listening devices. According to the research conducted for this report, the benefits available under the FEHB Program are generally consistent with those offered in the public and private sector.

Through the FEHB Program, OPM offers competitive health benefits products for Federal workers much like large employer purchasers in the private sector. Limited hearing benefits are currently available under the FEHB Program. FEHB enrollees have access to information on these options through the FEHB web site. Also, as described in Section 2 of the enclosed report, FEHB enrollees currently have access to supplemental hearing coverage options through non-FEHB benefits offered by carriers. Non-FEHB supplemental options allow plan participants to choose any additional benefits they prefer for their specific healthcare needs. OPM also provides for reimbursement of hearing related expenses through pre-tax salary reduction available through Flexible Spending Accounts (FSAs). By exercising this opportunity, employees can set aside as much as \$5,000 annually, beginning in 2006, toward their health care expenses.

According to the findings in the report, the hearing benefits provided through FEHB Program health plans are comparable to those provided by private and public sector employers. The estimated costs of adding additional hearing benefits in the FEHB Program would range from about \$22 million to over \$112 million annually depending on the extent of benefits coverage offered. Based on the survey of benefits currently available to FEHB enrollees and the potential increase in premiums described in the enclosed report, we do not recommend providing additional hearing benefits through the FEHB Program.

We hope the information provided in this report is helpful to the Committees and appreciate your interest the Federal Employees Health Benefits Program.

The Office of Management and Budget advises that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,



Linda M. Springer
Director

Enclosure