

# National Indian Health Board



October 29, 2010

## **NIHB ISSUE BRIEF: ACCESS TO FEDERAL EMPLOYEES HEALTH BENEFITS**

### **BACKGROUND**

Section 157 of the Indian Health Care Improvement Act (IHCIA) allows Tribes or Tribal organizations operating programs under the Indian Self-Determination and Education Assistance Act to purchase health insurance and life insurance through the Federal programs offered to Federal employees.<sup>1</sup> Specifically, the Federal Employees Health Benefits (FEHB) program is the nation's largest employer-sponsored health plan, offering enrollees numerous options for health insurance. Tribes and Tribal organizations have tremendous interest in this FEHB program for the additional opportunity to provide health care coverage to Tribal employees in a potentially more affordable manner.

On October 5, 2010, the Indian Health Service (IHS) and the Office of Personnel Management (OPM) released a letter that initiated a Tribal consultation on this issue.<sup>2</sup> This issue brief aims to raise issues for Tribes and Tribal organizations as they evaluate this new opportunity to provide health insurance to their tribal employees.

### **ISSUES TO CONSIDER**

Scope of Eligibility. The letter from OPM/IHS to Tribal leaders raised two interpretations of what employees are eligible for coverage under FEHB program: 1) *all* tribal employees would be eligible to purchase coverage through the Federal plan or 2) that *only* tribal employees directly funded by a contract or compact under ISDEAA would be eligible to purchase such coverage.

This has been a central question for Tribes. The scope of eligibility could affect the cost/benefit of this opportunity for Tribes and, under the second interpretation, would create two populations of Tribal employees, those that have access to Federal insurance and those that do not. If the FEHB program implemented under the second definition, there is a great potential for creating administrative burden for OPM and the employer Tribe and Tribal organization in classifying each employee as Sec. 157 eligible or ineligible.

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<sup>1</sup> Urban Indian organizations carrying out programs under title V of the Indian Health Care Improvement Act are also eligible to assess coverage for their employees through the Federal Employees Health Benefits Program.

<sup>2</sup> Letter to Tribal Leaders from John Berry, Director, Office of Personnel Management and Yvette Roubideaux, Director, Indian Health Service, October 5, 2010.



Administrative Fees. The OPM consultation letter states “Tribes and urban Indian organizations will purchase coverage directly from OPM through a Fiscal Intermediary and will pay the employer portion of premiums *which includes an administrative fee to cover operating expenses.*” The typical administrative fee built into the health plan premiums is 3 percent of the total premium. For Tribes and Tribal organizations, OPM will establish an administrative fee will cover the costs of administering the FEHB program. The fee could be more or less than the current 3 percent average of total premiums under FEHB program today. In addition, the amount of the fee will be influenced by how many Tribal organizations and employees elect to be covered under the FEHB program. As reference point, the premiums shown on the FEHB Website already include a 3 percent fee.

Access to Data. Tribes that are self-insured are able to access health claims data from their insurers. Will this type of data or similar data be made available to Tribes through the FEHB?

Employee/Employer Contribution. Under the FEHB program, the employer and employee premium contributions are established by formula. The percentage of the premium paid for by the employer varies depending upon the health plan selected by an employee. Employers contribute between 60% and 75% of the cost of the employee coverage. The employer contribution averages two-thirds of the premium cost, with the employee paying the remainder. Some Tribes or Tribal organizations may choose to pay 100 percent of their employees’ health premiums. Do Tribes have the option to provide this benefit to Tribal employees through FEHB, or are employees expected to pay a portion of the premium?

Health Plan Benefits and Cost Sharing. Information on plan-specific health benefits and cost-sharing requirements can be found at <http://www.opm.gov/insure/health/planinfo/index.asp>. In making comparisons of premium costs, the average and maximum out of pocket costs and the scope of health benefits will be important to consider.

Provider Network Adequacy. The plans offered through the FEHB program are categorized as either nationwide fee-for-service/preferred provider organizations (FFS/PPO) or state specific HMO’s. The number of providers included under each plan will vary significantly, and the cost sharing required to access certain providers may be different under different plans. In addition, some health plans may have stronger (or weaker) provider networks operating in Indian Country. Given recent changes in Federal law that established a right for Tribal providers (and IHS) to be reimbursed from insurance carriers, concerns over ready-access to culturally-competent providers should be lessened. But still, accessing information on a plan’s provider network will be important in order for Tribes and Tribal organizations to make a decision on a plan’s network sufficiency.

Dental/Vision Coverage. Dental and vision plans are not available to Tribes or Tribal organizations under Section 157 of the IHCIA. Individuals will need to secure desired dental/vision plans from another source.



## CONCLUSION

For some and maybe most Tribes and Tribal organizations, the FEHB program will offer a tremendous opportunity for cost savings and expanded choice. For other Tribes and Tribal organizations, however, it may not be a net benefit. This decision will have to be made on a case-by-case basis based on the health insurance market encountered by individual Tribes. In addition, in January 2014, a range of additional health insurance options will be made available to many Tribes and Tribal organizations through the establishment of health insurance Exchanges under the new health reform law.

The National Indian Health Board understands access to the FEHB and the FEGLI are top priorities for Tribes. We intend to provide additional information regarding these programs in the future. Please visit [www.nihb.org](http://www.nihb.org) for further information.

