



United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-244726

May 4, 1992

The Honorable Gary L. Ackerman
Chairman, Subcommittee on Compensation
and Employee Benefits
Committee on Post Office and
Civil Service
House of Representatives

Dear Mr. Chairman:

In response to your request for updated administrative cost data for inclusion in the March 11, 1992 hearing record, we compared 1988 and 1990 cost data for selected Federal Employees Health Benefits Plans. Enclosure I compares data for the two years on administrative costs per \$100 of benefits paid. Enclosure II compares data on administrative costs per enrollee. Please contact me on (202) 275-5074 or Larry Endy on (202) 275-8867 if you or your staff have any questions concerning this data.

Sincerely yours,

Bernard L. Ungar
Director, Federal Human Resource
Management Issues

Enclosures - (2)

GAO/GGD-92-11R, FEDERAL HEALTH BENEFITS PROGRAM

FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM
ADMINISTRATIVE COSTS PER \$100 OF BENEFITS FOR SELECTED PLANS
1988 AND 1990^a

Plans with more than 10,000 enrollees in 1988 ^b	Enrollees (thousands)			Cost per \$100 of benefits		
	1988	1990	Pct. change ^c	1988	1990	Pct. change
NAGE ^{d,e}	18	6	-69%	\$9.10	\$15.10	66%
Blue Cross/Blue Shield	1,372	1,568	14	8.91	8.43	-5
NTEU ^d	11	15	40	8.90	9.12	2
NFFE	18	4	-76	8.82	11.36	29
Postmasters	31	28	-10	8.71	7.63	-12
Mail Handlers	491	497	1	8.69	7.86	-10
Postal Supervisors ^d	46	16	-65	7.67	10.66	39
APWU	121	134	10	7.30	6.68	-8
AFGE ^d	28	16	-43	7.29	7.33	1
NAPUS	15	9	-39	6.96	8.36	20
Alliance ^e	35	40	14	6.40	7.11	11
SAMBA	24	15	-38	6.05	7.80	29
Rural Letter Carriers	46	49	7	5.22	5.75	10
NALC	230	200	-13	5.01	5.31	6
GEHA	304	336	11	4.44	4.29	-3
Total	2,790	2,932	5%	\$7.66^f	\$7.38^f	-4%

^aCosts include operational expenses and profits. Premium taxes and state statutory reserves are not included.

^bExcludes Aetna which left FEHBP in 1989 and Panama Canal because data not available from OPM.

^cPercentage changes calculated on enrollment data before rounding.

^dPlan no longer in FEHBP.

^e1990 cost data not approved by OPM and subject to change.

^fThis figure is the weighted average.

Source: GAO calculations based on data from OPM.

FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM
ADMINISTRATIVE COSTS PER ENROLLEE FOR SELECTED PLANS
1988 AND 1990^a

Plans with more than 10,000 enrollees in 1988 ^b	Enrollees (thousands)			Cost per enrollee		
	1988	1990	Pct. change ^c	1988	1990	Pct. change
NFFE ^d	18	4	-76%	\$241.57	\$371.67	54%
NAGE ^{d,e}	18	6	-69	232.46	529.83	128
Postmasters	31	28	-10	230.15	260.01	13
NAPUS	15	9	-39	213.70	302.00	41
AFGE ^d	28	16	-43	208.81	205.65	-2
Postal Supervisors ^d	46	16	-65	196.52	359.83	83
Blue Cross/Blue Shield	1,372	1,568	14	185.99	211.01	13
NTEU	11	15	40	177.75	273.72	54
APWU	121	134	10	162.23	183.30	13
Mail Handlers	491	497	1	156.41	176.28	13
SAMBA	24	15	-38	152.42	296.35	94
NALC	230	200	-13	142.08	180.89	27
Rural Letter Carriers	46	49	7	131.00	170.17	30
Alliance ^e	35	40	14	112.78	161.81	43
GEHA	304	336	11	109.70	135.54	24
Total	2,790	2,932	5%	\$167.38^f	\$194.93^f	16%

^aCosts include operational expenses and profits. Premium taxes and state statutory reserves are not included.

^bExcludes Aetna which left FEHBP in 1989 and Panama Canal because data not available from OPM.

^cPercentage changes calculated on enrollment data before rounding.

^dPlan no longer in FEHBP.

^e1990 cost data not approved by OPM and subject to change.

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