

GAO

Report to the Ranking Minority Member,
Committee on Health, Education, Labor,
and Pensions, U.S. Senate

June 2004

PRIVATE HEALTH INSURANCE

Coverage of Key Colorectal Cancer Screening Tests Is Common but Not Universal



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Highlights of [GAO-04-713](#), a report to the Ranking Minority Member, Committee on Health, Education, Labor, and Pensions, U.S. Senate

Why GAO Did This Study

Colorectal cancer is the second leading cause of cancer deaths in the United States. Its mortality can be reduced through early detection and treatment. Four key tests are used to detect the cancer—fecal occult blood test (FOBT), flexible sigmoidoscopy, double-contrast barium enema (DCBE), and colonoscopy. Private health insurance plans generally cover these tests to diagnose cancer; however, the extent to which plans cover the tests for screening purposes—where no symptoms are evident—is less clear. Congress is considering legislation that would require coverage of the tests for screening purposes among all private health insurance plans.

GAO was asked to (1) identify the state laws that require private health insurance coverage of these screening tests; and (2) determine the extent to which the tests are covered among small employer, individual, large employer, and federal employee health plans. GAO summarized state laws that require coverage of the tests. GAO examined test coverage among a sample of the largest 19 small employer and 14 individual plans in 10 states without laws requiring the coverage, and among 35 large employer plans nationally. The findings cannot be generalized beyond these plans. GAO also reviewed brochures for 143 federal employee health plans.

www.gao.gov/cgi-bin/getrpt?GAO-04-713.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Kathryn G. Allen at (202) 512-7118.

PRIVATE HEALTH INSURANCE

Coverage of Key Colorectal Cancer Screening Tests Is Common but Not Universal

What GAO Found

Twenty states had laws in place as of May 2004 requiring private insurance coverage of colorectal cancer tests for screening purposes. In 19 of these states, the laws generally applied to insurance sold to small employers and individuals, and required coverage of all four tests—FOBT, flexible sigmoidoscopy, DCBE, and colonoscopy. The law in 1 of the states was more limited in scope, applying to group and managed care plans and not explicitly requiring coverage of each of the four screening tests according to American Cancer Society (ACS) guidelines.

Most, but not all, health plans offered by the insurers and employers GAO reviewed covered all four colorectal cancer tests for screening purposes. Over four-fifths of the small employer plans (16 of 19) covered all of the tests, whereas 1 plan covered only FOBT and flexible sigmoidoscopy and 2 plans covered only FOBT. Almost three-quarters of the individual plans (10 of 14), covered all of the tests, and the remaining 4 plans covered none of the tests. Approximately two-thirds of the large employer plans (24 of 35) covered all four of the tests. Among the remaining 11 plans, 5 covered only FOBT, 2 covered only flexible sigmoidoscopy, and 4 covered none of the tests. Over half of the plans offered to federal employees covered each of the four tests. Finally, among all plans that covered at least one but fewer than four tests, DCBE and colonoscopy were least likely to be covered.

In commenting on a draft of this report, ACS suggested that the report overstated the extent of coverage and did not sufficiently highlight the methodological limitations of the study. In contrast, America's Health Insurance Plans (AHIP) commented that the report overstated the lack of coverage. Moreover, AHIP commented that the report did not address the low rate at which Americans actually receive colorectal cancer screening tests regardless of insurance coverage, suggesting that factors other than health insurance coverage are responsible for low screening rates. Recognizing that the findings are subject to varying interpretations, GAO attempted to report them neutrally. Although the draft report disclosed the methodological limitations of the study, in response to ACS comments, GAO more prominently highlighted certain of the limitations. Finally, whereas the draft report noted the screening utilization rates, assessing the factors responsible for them was beyond the scope of this study.

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Abbreviations

ACS	American Cancer Society
CDC	Centers for Disease Control and Prevention
DCBE	double-contrast barium enema
FEHBP	Federal Employees Health Benefits Program
FOBT	fecal occult blood test
OPM	Office of Personnel Management
USPSTF	United States Preventive Services Task Force

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United States General Accounting Office
Washington, DC 20548

June 17, 2004

The Honorable Edward M. Kennedy
Ranking Minority Member
Committee on Health, Education, Labor,
and Pensions
United States Senate

Dear Senator Kennedy:

Colorectal cancer is the second leading cause of cancer deaths in the United States. Over 146,000 new cases of colorectal cancer will be diagnosed and almost 57,000 people will die from the disease in 2004, according to the American Cancer Society (ACS). The mortality associated with colorectal cancer can be reduced through early diagnosis and treatment. Four key tests—fecal occult blood test (FOBT), flexible sigmoidoscopy, double-contrast barium enema (DCBE), and colonoscopy—are commonly used to detect colorectal cancer or its symptoms. ACS recommends that individuals at high risk for developing the disease and all individuals who reach age 50 receive one or more of these tests on a regular basis for screening purposes, regardless of whether they exhibit symptoms of the disease. Private health insurance plans generally cover these four tests to diagnose suspected cases of cancer when symptoms are present; however, the extent to which plans cover the tests for screening purposes is less clear.

Private health insurance plans are offered through different market segments—such as the small employer, individual, or large employer segments, or the health plans offered to federal employees.¹ Some previous surveys of the extent of colorectal cancer screening coverage among private health insurance plans have been limited to only certain health plans or market segments. Moreover, laws that may require coverage of the screening tests among health plans sold by insurers vary from state to state. Congress is considering legislation that would require coverage of colorectal cancer screening tests among all private health

¹Small employers—typically with 100 or fewer employees—usually purchase health insurance plans from insurers on behalf of their employees, while larger employers typically fund their own health plans. In the individual market, individuals purchase health insurance plans directly.

insurance plans.² At your request we have examined the extent to which private health insurance plans cover colorectal cancer screening tests. Specifically, we determined

1. the extent to which state laws require private health insurance plans to cover the four colorectal cancer tests for screening purposes; and
2. the extent to which private health insurance plans cover the four colorectal cancer tests for screening purposes, specifically health plans
 - sold by insurers to small employers and individuals in states that do not require such coverage,
 - offered by large employers across the United States, and
 - offered through the Federal Employees Health Benefits Program (FEHBP).³

To identify states that had laws that require private health insurance plans to cover colorectal cancer screening tests, we reviewed the laws in each state and the District of Columbia as of May 2004, and consulted with state officials to clarify the laws as necessary.⁴ To examine the extent to which health insurance plans sold to small employers and individuals by insurers in the states without laws requiring coverage of the tests actually covered the tests, we contacted the largest health insurers in 10 states without such laws. From these insurers we obtained information from plan representatives about their coverage policies for their health plan with the most members. We received responses to our questions from 95 percent (18 of 19) of the small employer insurers we contacted and 82 percent (14 of 17) of the individual insurers we contacted.⁵ To examine the extent to which health plans offered by large employers covered the tests for screening purposes, we randomly selected 50 large employers from Fortune 500 companies throughout the United States and received

²Most recently introduced were S. 2265, 108th Cong. (2004) and H.R. 4097, 108th Cong. (2004).

³Through FEHBP, the federal government provides group health insurance coverage to its employees through participating private health insurance carriers.

⁴Throughout the remainder of this report, the District of Columbia is included as a state.

⁵Although 18 small employer insurers responded, we report results from 19 small employer plans because the colorectal cancer screening benefits for 1 plan differed for two benefit packages.

responses from 71 percent (35 of 49) of the employers we contacted.⁶ We relied on self-reported information from officials of the health plans reviewed and did not independently verify their responses. Further, although we achieved relatively high response rates, we may nonetheless have encountered selection bias. That is, insurers and large employers with more colorectal cancer screening benefits could have been more likely to participate in our survey than those with fewer colorectal cancer screening test benefits. In addition, we surveyed a small number of health plans, precluding our ability to generalize the findings beyond these plans. Finally, to examine the extent to which health plans offered through FEHBP covered the four tests for screening purposes, we reviewed coverage brochures for 143 plans maintained on the Office of Personnel Management's (OPM) Web site.^{7,8} We identified the extent to which each brochure explicitly indicated coverage of each of the four tests for screening purposes. In addition, we clarified our understanding of the brochures with OPM staff and confirmed our interpretations of selected brochures with plan representatives.

We conducted our work from October 2003 through June 2004 according to generally accepted government auditing standards. Appendix I provides additional details about our scope and methodology.

Results in Brief

Twenty states had laws in place as of May 2004 requiring private health insurance plans to cover colorectal cancer tests for screening purposes.⁹ In 19 of these states, the laws generally applied to group and individual health plans sold by health insurers, and required coverage of four colorectal cancer tests for screening purposes—FOBT, flexible sigmoidoscopy, DCBE, and colonoscopy—typically consistent with ACS guidelines. The law in 1 of the states was more limited in scope, applying

⁶One company was later removed from the sample because it no longer had employees in the United States at the time we conducted our work.

⁷OPM serves as the federal government's human resource agency and administers FEHBP.

⁸When a FEHBP plan's brochure offered multiple benefit options, we counted each option as a separate plan. When a plan was offered in multiple locations but with the same benefits, we counted it as one plan. Our review of 2004 FEHBP brochures identified 143 distinct health benefit plans.

⁹These state laws apply primarily to coverage sold by insurers, and thus largely affect plans sold to small employers and individuals. Self-funded plans are not typically subject to state insurance regulation.

to group and managed care plans and not explicitly requiring coverage of each of the four screening tests according to ACS guidelines.

Among the health insurance plans we reviewed that were sold to small employers and individuals in states without laws requiring coverage of colorectal cancer screening tests, offered by large employers, and offered through FEHBP, we found the majority covered all four colorectal cancer screening tests. However, some plans we reviewed covered fewer than four of the tests or none at all, including about 16 percent of the small employer, 29 percent of the individual, and 31 percent of the large employer plans. Among plans that covered some, but not all, tests, DCBE and colonoscopy were least likely to be covered. In particular:

- In 10 states without laws requiring private health insurance coverage of colorectal cancer screening tests, most small employer and individual plans we reviewed provided coverage for all four screening tests. However, 3 of 19 small employer plans did not cover all four tests and 4 of 14 individual plans covered none of the tests.
- Similarly, most of the large employer plans we reviewed covered all four colorectal cancer screening tests. Among 11 of 35 plans that did not, 7 covered FOBT or flexible sigmoidoscopy and 4 covered none of the tests.
- Most FEHBP plans covered all four colorectal cancer tests for screening purposes. For example, among the 17 national plans that are offered to federal employees, retirees, and their dependents across the United States, 12 covered all four tests for screening purposes, and 5 covered all tests except DCBE.

In commenting on a draft of this report, ACS suggested that the report overstated the extent of coverage, and that the report did not sufficiently highlight the methodological limitations of the study. In contrast, America's Health Insurance Plans (AHIP) commented that the report overstated the lack of coverage. In addition, AHIP commented that the report did not address the low rate at which Americans actually receive colorectal cancer screening tests regardless of health insurance coverage, which it said suggests that insurance coverage of the tests is not responsible for the low screening rates. Recognizing that our findings are subject to varying interpretations, we attempted to report them neutrally and to not overly emphasize the coverage that did or did not exist. Although the draft report disclosed the methodological limitations of the study, in response to ACS comments, we revised the report to more prominently highlight certain limitations. Finally, the draft report noted the rates at which Americans receive colorectal cancer screening tests as

part of the background; however, further assessing the factors responsible for the service utilization was beyond the scope of this study.

Background

Surviving colorectal cancer is greatly enhanced when the disease is detected and treated early; however, only 38 percent of colorectal cancer cases are diagnosed at an early stage, according to ACS.¹⁰ To facilitate early diagnosis, ACS recommends regular colorectal cancer screening for certain individuals using at least one of four key tests: FOBT, flexible sigmoidoscopy, DCBE, and colonoscopy. These tests are used to find potential signs of colorectal cancer, including polyps—abnormal growths in a person’s colon—or blood in a person’s stool. FOBT is a laboratory test used to detect blood (that is otherwise not visible) in stool samples that are collected by patients at home. Using a flexible sigmoidoscopy, a physician can find and take samples of polyps in a patient’s lower colon and rectum. DCBE detects polyps by providing x-ray images of a patient’s entire rectum and colon. Finally, a colonoscopy allows a physician to find and take samples of polyps in a patient’s rectum and entire colon as well as remove most polyps found during the test.¹¹

ACS, medical providers, and others have developed medical guidelines that outline the frequency at which colorectal cancer screening tests should be administered depending on an individual’s age and risk for developing the disease. For example, ACS guidelines recommend that, beginning at age 50, all average-risk individuals be screened annually using an FOBT; every 5 years using a flexible sigmoidoscopy or DCBE; or every 10 years using a colonoscopy. ACS guidelines also state that a combination of both FOBT and flexible sigmoidoscopy at the intervals indicated is the preferred screening method over either test alone, and that individuals at high or increased risk for developing the disease should be screened more frequently.¹² Furthermore, ACS believes that patients and providers should

¹⁰American Cancer Society, *Cancer Facts and Figures, 2004* (Atlanta, Ga.: 2004).

¹¹In 2001, the most current year for which data were available, the Centers for Disease Control and Prevention (CDC) estimated that a FOBT cost between \$10 and \$25; a flexible sigmoidoscopy cost between \$150 and \$300; a DCBE cost between \$250 and \$500; and a colonoscopy cost between \$800 and \$1600. “Health Professionals Facts on Screening,” *Cancer Prevention and Control, Centers for Disease Control and Prevention*. http://www.cdc.gov/cancer/screenforlife/fs_professional.htm (downloaded Mar. 17, 2004).

¹²ACS accepts the Medicare program definition for a high-risk individual: someone who, because of family history, prior experience of cancer, or other predisposing factors for the disease, faces a high risk for colorectal cancer. ACS defines an individual with an average risk for colorectal cancer as someone who does not fall into the high-risk category.

jointly choose the appropriate tests and testing strategy based on patient risk factors and the varying accuracy, cost, and discomfort of the tests, among other factors. ACS's colorectal cancer screening guidelines are also similar to those endorsed by the American Gastroenterological Association and the American Medical Association. The Medicare program covers all four screening tests following guidelines similar to those developed by ACS.¹³ The United States Preventive Services Task Force (USPSTF) also strongly recommends that clinicians screen men and women 50 years of age or older for colorectal cancer. However, it specifies the frequency with which tests should be administered only for FOBT, for which annual testing is suggested.¹⁴ Similar to ACS, USPSTF recommends that the choice of tests and testing strategy be based on a variety of factors including patient preferences and medical contraindications.

Fewer than half of individuals age 50 and over surveyed in a 2002 national study reported receiving a colorectal cancer test for screening or diagnostic purposes. FOBT was used by approximately 45 percent of respondents age 50 and over, with less than half of these respondents having had their last test within the past year. The survey also found that a sigmoidoscopy or colonoscopy test was used by just under 50 percent of respondents age 50 and over at some point in their lives.¹⁵ Reasons that

¹³In 2002, over 40 million individuals received health care coverage through Medicare—the federal health insurance program that serves adults over age 65, certain persons with disabilities, and people with end stage renal disease. Prior to January 1, 1998, Medicare covered each of the four tests only for the diagnosis and treatment of colorectal cancer. The Balanced Budget Act of 1997 expanded Medicare coverage to include colorectal cancer tests for screening purposes. Medicare's coverage guidelines indicate a patient must be at least 50 years old for all tests except colonoscopy, for which there is no minimum age requirement. Generally, Medicare covers a FOBT annually, a flexible sigmoidoscopy once every 4 years, and a colonoscopy once every 10 years. Patients at high risk for developing colorectal cancer are covered for a colonoscopy once every 2 years. Medicare also covers a DCBE in place of a flexible sigmoidoscopy or a colonoscopy once every 4 years or—for high-risk individuals—once every 2 years.

¹⁴USPSTF is an independent panel of private medical experts that evaluates the merits of clinical research and issues recommendations on preventive measures. The U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality sponsors USPSTF.

¹⁵GAO analysis of the "Behavioral Risk Factor Surveillance System Online Prevalence Data, 1995-2002," *Division of Adult and Community Health, National Center for Chronic Disease Prevention and Health Promotion, Centers for Disease Control and Prevention*. <http://apps.nccd.cdc.gov/brfss> (downloaded Apr. 26, 2004). The Behavioral Risk Factor Surveillance System is sponsored by CDC and is conducted by individual states and territories. In 2002, almost 250,000 adults were surveyed. Our analysis excluded data from California because it included respondents under 50 years of age.

individuals do not obtain a colorectal cancer screening test may include a lack of patient education, a general reluctance to be tested, or a physician's lack of time to discuss or educate patients about screening.¹⁶

Private health insurance is offered in two primary markets—the group and individual markets. The group market includes health plans offered by employers to employees. An employer may provide coverage for its employees either by purchasing the coverage from a health insurer (fully insured coverage) or by funding its own health plan (self-funded coverage). Within the group market, small employers typically purchase coverage from insurers, while larger employers are more likely to self-fund their coverage.¹⁷ Although the federal government is a large employer—with over 2.7 million employees in 2002—it provides health coverage for its employees through health insurance carriers that participate in FEHBP.¹⁸ About 161 million individuals received health coverage from the group market in 2002.¹⁹ The individual market includes health plans sold by insurers to individuals who do not receive coverage through an employer. About 16.8 million Americans received health coverage from the individual market in 2002.²⁰

Private health plans are subject to various state and federal requirements, depending upon the market segments in which they are offered and the manner in which the plans are funded. The fully insured health coverage offered by small employers is subject to state insurance requirements, which can include mandated coverage for preventive health services and

¹⁶See U.S. General Accounting Office, *Medicare: Few Beneficiaries Use Colorectal Cancer Screening and Diagnostic Services*, [GAO/T-HEHS-00-68](#) (Washington, D.C.: Mar. 6, 2000) and J.M.E. Walsh and J.P. Terdiman, "Colorectal Cancer Screening, Clinical Applications," *The Journal of the American Medical Association*, vol. 289, no. 10 (2003).

¹⁷States typically define small groups as those with fewer than 100 employees for purposes of establishing regulations that apply to health plans in the small group market.

¹⁸FEHBP offers plans to all enrollees who may work anywhere in the country, referred to as national plans. Other plans offered only in certain local markets are referred to as local plans. In 2003, over 8 million enrollees and their dependents were covered under FEHBP plans—about 70 percent and 30 percent in the national and local plans, respectively.

¹⁹P. Fronstin, "Sources of Health Insurance and Characteristics of the Uninsured: Analysis of the March 2003 Current Population Survey," *Employee Benefits Research Institute, Issue Brief Number 264* (December 2003).

²⁰Fronstin, "Sources of Health Insurance and Characteristics of the Uninsured: Analysis of the March 2003 Current Population Survey."

other benefits.²¹ Individual market coverage purchased by individuals from insurers is also subject to state insurance requirements. The self-funded coverage typically offered by larger employers is generally not subject to state insurance regulation, but only to federal requirements, none of which are related to preventive health services.²²

OPM is responsible for regulating, and contracting with, private health insurers to offer health benefit plans to federal employees, pursuant to the Federal Employees Health Benefits Act.²³ While private health insurers are generally subject to the applicable laws in their respective states, by federal law, the terms of any FEHBP contract negotiated by OPM, which relate to coverage or benefits, preempt any inconsistent state or local law or regulation.²⁴ To assure a consistent set of benefits among the national plans, OPM routinely preempts state regulation, but generally does not do so for the local plans, according to an OPM official.

²¹For example, almost all states have a mandate requiring coverage for mammography screening and about half of the states have mandates requiring prostate and cervical cancer screening coverage. See U.S. General Accounting Office, *Private Health Insurance: Federal and State Requirements Affecting Coverage Offered by Small Businesses*, [GAO-03-1133](#) (Washington, D.C.: Sept. 30, 2003).

²²The Employee Retirement Income Security Act of 1974 (ERISA) preempts state law as it may relate to an employee benefit plan. See 29 U.S.C. § 1144(a)(2000). However, ERISA preserves state laws which regulate insurance from preemption. See 29 U.S.C. § 1144(b)(2)(A). Federal law also establishes several requirements for private health insurance plans that apply to both fully insured and self-funded coverage, such as certain portability and minimum benefit requirements. For example, the Health Insurance Portability and Accountability Act protects health insurance coverage for workers and their families under certain specified conditions, such as a change in employment. See 29 U.S.C. § 1181. The Mental Health Parity Act requires employers with more than 51 employees to provide coverage for mental health services under the same terms and conditions applied to other medical conditions. See 42 U.S.C. § 300gg-5. The Newborns' and Mothers' Health Protection Act of 1996 provides that health care plans and insurers may not restrict benefits for a childbirth-related hospital stay to less than 48 hours (or 96 hours following a caesarean section delivery). See 42 U.S.C. § 300gg-4. The Women's Health and Cancer Rights Act requires health plans and insurers that provide medical and surgical benefits for mastectomies to provide coverage for reconstructive surgery. See 29 U.S.C. § 1185b.

²³5 U.S.C. §§ 8901-14(2000).

²⁴5 U.S.C. § 8902(m)(1).

Twenty States Had Laws That Require Private Health Insurance Plans to Cover Colorectal Cancer Screening Tests

Twenty states had laws requiring private health insurance plans to cover colorectal cancer screening tests as of May 2004. In 19 of these states, the laws generally applied to group or individual health plans, and required coverage of all four tests—FOBT, flexible sigmoidoscopy, DCBE, and colonoscopy—typically consistent with ACS guidelines. However, the law in Wyoming had limitations. It was more limited in scope, applying to group and managed care plans and not explicitly requiring coverage of each of the four screening tests according to ACS guidelines. Table 1 shows the scope of state laws and appendix II provides a detailed summary of each of the 20 state laws.

Table 1: State Laws Requiring Private Insurance Coverage of Colorectal Cancer Screening Tests

Scope of state laws	States	Number of states
Apply to fully insured group or individual plans and screening test coverage according to ACS guidelines	California, Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Maryland, Minnesota, Missouri, New Jersey, Nevada, North Carolina, Oklahoma, Rhode Island, Tennessee, Texas, Virginia, West Virginia	19
Applied to group and managed care plans, and did not specify coverage of each test in accordance with ACS guidelines	Wyoming	1
Total		20

Source: GAO analysis of state laws.

Majority of Health Plans Reviewed Covered the Four Colorectal Cancer Screening Tests

The majority of health insurance plans we reviewed provided coverage for the four key colorectal cancer screening tests. These included health plans that were sold to small employers and individuals in states without laws requiring colorectal cancer screening coverage, were offered by large employers across the United States, and were offered to federal employees through FEHBP. Among plans that covered fewer than four of the tests, DCBE and colonoscopy were least likely to be covered.

In States Without Colorectal Cancer Screening Test Laws, Most of the Small Employer and Individual Plans Reviewed Provided Coverage for All Four Tests

In 10 states without laws requiring private health insurance coverage of colorectal cancer screening tests, most of the small employer plans we reviewed—16 of 19—covered all four colorectal cancer screening tests. The remaining 3 plans covered FOBT or FOBT and flexible sigmoidoscopy, but not DCBE or colonoscopy. Among the 14 individual plans we reviewed, 10 covered all four colorectal cancer tests for screening purposes. The remaining 4 plans did not offer screening coverage for any of the tests. (See table 2.)

Table 2: Coverage of Colorectal Cancer Screening Tests Among 19 Small Employer and 14 Individual Health Plans Reviewed in 10 States

Tests covered	Plan coverage of specified tests	
	Number	Percentage
Small employer insurers		
All four tests	16	84
FOBT and flexible sigmoidoscopy only	1	5
FOBT only	2	11
Total plans reviewed	19	100
Individual insurers		
All four tests ^a	10	71
None of the four tests	4	29
Total plans reviewed	14	100

Source: GAO analysis of data provided by insurers.

^aOne plan placed an annual limit of \$300 on all preventive health services. This limit could preclude full reimbursement for a DCBE or colonoscopy.

Most Large Employer Plans Reviewed Covered All Four Colorectal Cancer Screening Tests

Twenty-four of the 35 large employer plans we reviewed, or approximately two-thirds of these plans, covered all four colorectal cancer tests for screening purposes. Seven of the 35 plans covered only one of the colorectal cancer screening tests: FOBT or flexible sigmoidoscopy. Neither DCBE nor colonoscopy was covered by any of the large employer plans that provided limited test coverage. Four of the health plans offered by the large employers did not cover any of the colorectal cancer tests for screening purposes. (See table 3.)

Table 3: Coverage of Colorectal Cancer Screening Tests Among Health Plans Offered by 35 Large Employers Reviewed

Tests covered	Plan coverage of specified tests	
	Number	Percentage
All four tests ^a	24	69
FOBT only	5	14
Flexible sigmoidoscopy only	2	6
None of the four tests	4	11
Total plans reviewed	35	100

Source: GAO analysis of data provided by large employers.

^aOne plan places an annual limit of \$500 on all preventive health services. This limit could preclude full reimbursement for a colonoscopy.

Over Half of FEHBP Plans Covered All Four Colorectal Cancer Screening Tests

Seventy-seven of the 143 FEHBP plans covered all four screening tests for colorectal cancer in 2004.²⁵ Among the 17 national FEHBP plans, 12 covered all four tests, and 5 covered FOBT, flexible sigmoidoscopy, and colonoscopy, but not DCBE. (See table 4.) About 70 percent of the over 8 million FEHBP enrollees and their dependents were covered through the national plans in 2003.

Table 4: Coverage of Colorectal Cancer Screening Tests Among 17 National FEHBP Plans

Tests covered	Plan coverage of specified tests	
	Number	Percentage
All four tests	12	71
FOBT, flexible sigmoidoscopy, and colonoscopy only	5	29
Total plans reviewed	17	100

Source: GAO analysis of 2004 FEHBP plan coverage.

²⁵In 2002 and 2003, OPM encouraged insurers to consider covering all four of the colorectal cancer screening tests.

Among the 126 local FEHBP plans, 65 plans either provided coverage for the four colorectal cancer screening tests as confirmed through a review of their brochures or follow-up with selected plan officials, or were located in states that required this coverage. The brochures for the remaining 61 plans indicated coverage of at least FOBT and flexible sigmoidoscopy, but did not explicitly identify whether the additional tests were covered for screening purposes. According to an OPM official, plans may cover tests that are not explicitly referenced in the brochures. We contacted 8 local plans and confirmed that brochure language was not definitive. According to the plan representatives, each of the 8 plans covered at least one test in addition to the two specified in the brochure.

External Comments and Our Evaluation

Representatives of ACS and AHIP provided comments on a draft of this report. ACS commented that the report overstates coverage, for example by stating that coverage is common or by not placing greater emphasis on plans that covered few or none of the colorectal cancer tests for screening purposes. In contrast, AHIP commented that the report overstates the lack of coverage, for example by highlighting the number of plans that covered fewer than four tests rather than the number of plans that covered at least one test. Recognizing that our findings are subject to varying interpretations, we attempted to report them neutrally and to not overly emphasize the coverage that did or did not exist. ACS and AHIP also commented on the scope of our report and limitations to our study methods, as discussed below, and provided technical comments, which we incorporated as appropriate.

ACS Comments

ACS suggested that we did not sufficiently address several methodological limitations in our report. In particular, ACS stated that we used small samples, did not conduct an analysis of nonrespondents, surveyed only the health plans with the most members where insurers or employers offered more than one plan, and did not independently verify the responses of the insurers and employers we contacted. We agree that our study methods are subject to limitations, which we disclosed in our draft report. We reviewed samples of health plans that would provide credible evidence of coverage levels in each market segment, recognizing that the results would not be generalizable to all health plans. While we believe our relatively high response rates of between 71 and 95 percent diminished the need for a detailed analysis of nonrespondents, we acknowledged the possibility of selection bias in the draft report. Similarly, although we did not examine every plan offered by each insurer and employer, we focused on those plans that covered the greatest number of enrollees to best illustrate the

coverage most widely available to consumers. In terms of verifying survey responses, we did not have ready access to the documents that could have provided verification of employer and insurer responses to our questions. Insurer underwriting manuals may provide such verification, but are considered proprietary by insurers and not shared externally. Documents readily available to us, such as plan brochures, do not indicate coverage of every medical test or procedure under every possible circumstance, and thus could not be used to verify insurer or employer responses to our questions. Our draft report noted that we did not independently verify reported responses. In response to ACS's comments that we did not sufficiently address our study limitations, we modified the final report to more prominently highlight certain limitations of our methodology.

ACS further commented that we did not highlight the differences between the higher coverage rates we found based on the self-reported data provided by employers and insurers and the lower coverage rates we found based on our review of FEHBP brochures, suggesting that the differences indicate the potential for self-reported data to overstate plan coverage. As the draft report noted, we found that FEHBP brochures did not specify every medical test or procedure covered under every circumstance and thus the brochures may understate coverage actually available. This fact was confirmed by several plan and OPM officials and is consistent with our own previous reviews of health plan brochures. Among the 17 national plans, for which we were able to follow up with plan officials in each instance where the brochure language was not exhaustive, most covered tests not mentioned in their brochures. Moreover, through our follow-up with eight local plans we determined that each plan covered at least one test in addition to those listed in their brochures.

ACS also commented that we did not assess the quality of prior studies of colorectal cancer screening coverage rates and consider the study results in our report. While our draft report acknowledged that prior studies have been conducted, we did not elaborate on them because, as ACS noted, each was subject to certain limitations. Evaluating the quality of prior studies was beyond the scope of our work.

AHIP Comments

AHIP commented that the draft report did not sufficiently address the low rate at which Americans actually receive colorectal cancer screening tests in spite of relatively high coverage rates among health plans, suggesting that factors other than insurance coverage are responsible for the low screening rate. The draft report's background section noted colorectal

cancer screening rates and certain factors cited by other researchers that influence these rates. However, an assessment of the factors influencing screening utilization rates, beyond the extent of health insurance coverage, was outside the scope of this report.


AHIP also suggested that the report include a discussion of the factors that drive the benefit package decisions made by employers and consumers in selecting health plans, noting that such decisions are necessarily influenced by cost, individual circumstances, and other factors. We agree that many factors influence the choice of benefits consumers or employers select when choices are available, but examining these factors was beyond the scope of this study.

AHIP further commented that we emphasized the ACS colorectal cancer screening guidelines, but not those set forth by USPSTF, which they suggested are also highly regarded. We used the ACS guidelines as a complete framework for presenting our findings because the guidelines indicate a frequency for each test. While USPSTF guidelines include the four tests specified by ACS, they only indicate the frequency with which the tests should be administered for FOBT. Nevertheless, we modified the report to add reference to the USPSTF guidelines.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after its issue date. At that time, we will send copies to interested congressional committees and members and make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

Please contact me at (202) 512-7118 or Randy DiRosa at (312) 220-7671 if you or your staff have any questions. Key contributors to this report are listed in appendix III.

Sincerely yours,



Kathryn G. Allen
Director, Health Care—Medicaid
and Private Health Insurance Issues

Appendix I: Scope and Methodology

To examine the extent to which the four key colorectal cancer tests are covered for screening purposes by private health insurance plans, we reviewed the extent to which state laws require such coverage, and we reviewed the extent of coverage among selected small employer and individual plans in states without such laws, a sample of large employer plans, and coverage within FEHBP plans. We conducted our work from October 2003 through June 2004 according to generally accepted government auditing standards.

State Laws Requiring Colorectal Cancer Screening Test Coverage

To identify states that had laws that require private health insurance plans to cover colorectal cancer screening tests, we reviewed the laws in each state as of May 2004, and consulted with state officials to clarify the laws as necessary. We did not include state regulations or policies applicable to insurance plans in our review.

Small Employer and Individual Health Plans

To examine coverage of colorectal cancer screening tests in small employer and individual health plans, we identified the largest health insurers in 10 of the states without existing or pending colorectal cancer screening laws by using information compiled by CDC, the National Association of Insurance Commissioners, Blue Cross and Blue Shield Association, and the National Conference of State Legislatures. This assessment was completed in November 2003.¹ We selected five states based on their large population—Florida, Massachusetts, Michigan, New York, and Wisconsin—and randomly chose five additional states—Arizona, Arkansas, Colorado, Louisiana, and Maine.² To identify the largest health insurers in these states, we contacted insurance regulators in each state and asked them to identify the two largest small employer health insurers and the two largest individual health insurers in terms of covered lives, premiums collected, or—in the absence of quantitative data—their best judgment.³

¹We excluded states that had laws requiring coverage of colorectal cancer screening tests because determining insurer compliance with state laws was beyond the scope of this study.

²We excluded states with pending legislation from our sample in the event that the state passed the legislation during the course of our work.

³Insurance regulators reported that a small employer plan in one state and an individual plan in two states covered at least two-thirds of the market in these states. We reviewed only these plans for that particular market and state.

We contacted the insurers identified to obtain information about the extent to which their health plan with the most members covered colorectal cancer screening tests. We posed a series of questions related to insurers' coverage of four colorectal cancer tests—FOBT, flexible sigmoidoscopy, DCBE, and colonoscopy—for screening purposes.⁴ Further, we asked insurers about their health plans' coverage restrictions, including those related to age, frequency, family history, personal history, and plan authorization. We received responses to our questions from 18 of the 19 small employer insurers we contacted (95 percent), and 14 of the 17 individual insurers we contacted (82 percent).⁵

Large Employer Health Plans

To examine coverage of colorectal cancer screening tests in large employer health plans, we randomly selected 50 companies from the 2002 Fortune 500 list.⁶ One company was subsequently removed from the sample because it filed for bankruptcy protection after the list was published and no longer had any U.S. employees. Thus, the final sample included 49 companies. We contacted health plan benefits administrators or human resources staff in each of these companies. We made at least three attempts to obtain a response from each company in our sample, including contacting the company's government affairs or chief executive office to request participation in certain instances. Similar to insurers offering small employer and individual health plans, participating employers answered questions related to their largest plan's coverage of the four key colorectal cancer tests for screening purposes and restrictions related to this screening test coverage. We received responses from 35, or 71 percent, of the companies we contacted.

⁴We considered coverage for screening purposes to include coverage for people who do not exhibit signs of colorectal cancer and do not have a family or personal history of the disease.

⁵In 2 plans offered to individuals and 2 offered to small employers, some colorectal cancer screening tests were covered through the health plans' preventive care rider that provided coverage in addition to the basic health plan benefits. In our analysis of these plans, we included coverage information for the subsection of the plan—either with or without the rider—that included the majority of the plan's members. In addition, for 1 of the plans offered to small employers, half of the plan members had the rider that provided coverage of colorectal cancer screening tests, and half did not. The information for both subsections of the plan—with and without the rider—was included in our results as representing 2 separate plans. Thus we received responses from 18 of the small employer insurers we contacted but report results for 19 plans.

⁶"Fortune 5 Hundred Largest U.S. Corporations," *Fortune*, Vol. 147, No. 7 (2003). All the companies on this list have over 100 employees.

Three plans offered by large employers reported covering one or more of the four colorectal cancer tests for screening purposes, but also required that a member have a family or personal history of the disease in order to receive coverage for the screening test. Because these requirements were inconsistent with our definition of screening test coverage, we characterized these plans as not covering the relevant tests for screening purposes.

FEHBP Plans

To identify coverage policies of health plans offered through FEHBP, we reviewed 2004 coverage brochures maintained on the OPM website. When a plan offered multiple benefit options, we counted each option as a separate plan. When the same plan was offered in multiple locations but with the same benefits, we counted it as one plan. Our review of 2004 FEHBP brochures identified 143 distinct benefit plans. We identified the extent to which each of the four tests was explicitly listed as a covered benefit for screening purposes for each plan. We then discussed our interpretation of the brochure language with OPM representatives. In addition, we contacted representatives of each of the 5 national plans and 8 of the 61 local plans whose brochures did not explicitly indicate the coverage of each of the four tests. The local plans were selected judgmentally from different geographic areas of the country. We discussed with plan officials our interpretation of their brochure language, and revised our analysis based on these discussions.

Limitations

We relied on self-reported information from officials of the health plans offered to small employers, individuals, and large employers, and did not independently verify their responses. Further, although we achieved relatively high response rates of between 71 and 95 percent for our review of coverage in the small employer, individual, and large employer market segments, we may nonetheless have encountered selection bias. That is, insurers and large employers with more colorectal cancer screening benefits could have been more likely to participate in our survey than those with fewer colorectal cancer screening test benefits. In addition, we surveyed a small number of small employer, individual, and large employer health plans, precluding our ability to generalize the findings beyond these health plans. Nevertheless, our findings illustrate the colorectal cancer screening test benefits of approximately 4 million individuals covered under the small employer, individual, and large employer plans we reviewed, and more than 8 million individuals covered under FEHBP.

Appendix II: State Laws Requiring Private Health Insurance Coverage of Colorectal Cancer Screening Tests

Table 5 shows state colorectal cancer screening laws in place as of May 2004. As indicated, 20 states have laws that require private insurance coverage of colorectal cancer screening tests.

Table 5: State Colorectal Cancer Screening Laws for Private Health Insurance

State (Date enacted)	Law generally applies to group/individual health plans unless otherwise noted ^a	Law generally requires coverage consistent with ACS guidelines unless otherwise noted ^b
California (2000)	Yes	Generally medically accepted cancer screening tests
Connecticut (2001)	Yes	Yes
District of Columbia (2002)	Yes	Yes
Delaware (2001)	Yes	Fecal occult blood test (FOBT), flexible sigmoidoscopy, colonoscopy, double-contrast barium enema (DCBE), or any combination of the most reliable, medically recognized screening tests, as determined by the state
Georgia (2002)	Yes	Yes
Illinois (2004)	Yes	Yes
Indiana (2000)	Yes	Yes
Maryland (2001)	Yes	Yes
Minnesota (1988)	Yes	Routine screens
Missouri (1999)	Yes	Yes
Nevada (2003)	Yes	Yes
New Jersey (2002)	Yes	Yes
North Carolina (2002)	Yes	Yes
Oklahoma (2002)	Yes ^c	Accepted published medical guidelines
Rhode Island (2000)	Yes	Yes
Tennessee (2004)	Yes ^d	Yes
Texas (2002)	Yes ^e	Yes
Virginia (2000)	Yes	Yes
West Virginia (2000)	Yes ^f	Yes
Wyoming (2001)	Group or blanket disability policies and managed care contracts ^g	Colorectal cancer tests

Source: GAO analysis of state laws.

^aState laws may also apply to other market segments, such as health plans for public sector employees.

^bSome state laws require coverage of more than the four tests specified by ACS, or indicate other guidelines in addition to ACS.

^cDoes not include groups with fewer than 50 employees.

^dPlans are required to offer coverage of colorectal cancer tests as an optional benefit.

**Appendix II: State Laws Requiring Private
Health Insurance Coverage of Colorectal
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^gPlans are required to offer coverage of colorectal cancer screening tests if they provide coverage for screening medical procedures.

^hApplies to plans providing coverage for laboratory and x-ray services.

ⁱThe statute covers all group and blanket disability insurance policies providing coverage on an expense incurred basis, group service or indemnity type contracts issued by a non-profit corporation, group service contracts issued by a health maintenance organization, all self-insured group arrangements to the extent not preempted by federal law, and all managed health care delivery entities of any type or description.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Randy DiRosa, (312) 220-7671

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Susan Anthony, Christine DeMars, Iola D'Souza, Sari B. Shuman, and Behn M. Kelly made key contributions to this report.

Related GAO Products

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