

104TH CONGRESS
2D SESSION

H. R. 3462

To amend title 5, United States Code, to require that written notice be furnished by the Office of Personnel Management before making any substantial change in the health benefits program for Federal employees.

IN THE HOUSE OF REPRESENTATIVES

MAY 15, 1996

Mr. CARDIN (for himself, Mr. WATTS of Oklahoma, Mr. GILMAN, Mr. HOYER, Mrs. MORELLA, Mr. LAFALCE, Mr. PICKETT, Mr. CRAMER, Mr. POMEROY, Mr. BREWSTER, Mr. MORAN, Mr. JOHNSON of South Dakota, Mrs. MEEK of Florida, and Mr. EHRLICH) introduced the following bill; which was referred to the Committee on Government Reform and Oversight

A BILL

To amend title 5, United States Code, to require that written notice be furnished by the Office of Personnel Management before making any substantial change in the health benefits program for Federal employees.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; FINDINGS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Federal Health Program Benefit Change Accountability
6 Act”.

1 (b) FINDINGS.—The Congress finds that—

2 (1) effective beginning in 1996, Federal retirees
3 enrolled in the Governmentwide service benefit plan
4 under chapter 89 of title 5, United States Code, are
5 subject to a copayment for prescription drugs ob-
6 tained from a retail pharmacy, but are exempt from
7 such copayment if they instead use a plan’s mail
8 order pharmacy;

9 (2) that difference in policy—

10 (A) increases out-of-pocket health care
11 costs for and imposes financial penalties on the
12 large majority of Federal retirees who use their
13 local pharmacies to have prescriptions filled;

14 (B) fails to recognize the integral role of
15 local pharmacies in contributing to the health of
16 their patrons, such as through face-to-face
17 counseling;

18 (C) unfairly discriminates in favor of out-
19 of-state mail order pharmacies at the expense of
20 local retail pharmacies;

21 (D) transfers millions of dollars in wages
22 and tax revenues out of State, and therefore
23 hurts local economies and small businesses; and

1 (E) reduces the accessibility of local phar-
2 macies for all individuals, particularly those liv-
3 ing in rural areas;

4 (3) in making this major change, it appears
5 that the Office of Personnel Management—

6 (A) did not determine the impact on the
7 quality of pharmacy care provided to Federal
8 retirees, who use a disproportionate share of
9 prescription medications, but instead focused
10 primarily on economic considerations;

11 (B) did not consider alternative cost con-
12 tainment options in the prescription drug pro-
13 gram, which has disproportionately focused its
14 cost containment approaches on retail phar-
15 macies;

16 (C) did not determine, and has not yet
17 demonstrated, whether the anticipated savings
18 result from lower costs of mail order drug prod-
19 ucts or because retirees are simply paying more
20 in copayments for their prescription at local
21 pharmacies;

22 (D) did not determine whether such
23 change was consistent with the structure of cur-
24 rent private market prescription drug programs,
25 which traditionally give retirees a fair economic

1 choice of using mail order pharmacies or retail
2 pharmacies;

3 (E) did not assess the ability of the con-
4 tractor to fulfill the terms of the contract for
5 mail order prescriptions, given that thousands
6 of retirees were inconvenienced when the mail
7 order pharmacies were unable to meet the de-
8 mand for prescriptions; and

9 (F) did not assess the impact of the
10 change on the overall health care marketplace,
11 given that the Office of Personnel Management
12 is a major payor of health care services and
13 products; and

14 (4) the Office of Personnel Management should
15 be held more accountable for major changes made in
16 Federal health care program benefit designs, and
17 should be required to justify the impact of such
18 changes in terms of cost savings, access, and quality
19 of care, before such changes are implemented.

20 **SEC. 2. REPORTING REQUIREMENT.**

21 (a) IN GENERAL.—Section 8910 of title 5, United
22 States Code, is amended by adding at the end the follow-
23 ing:

24 “(e)(1) The Office shall prepare an annual report in
25 which it shall describe, to the extent practicable, any sub-

1 stantial changes in maximums, limitations, exclusions, or
2 other definitions of benefits that it intends to propose for
3 implementation in the upcoming contract year.

4 “(2) Included in a report under this subsection shall
5 be, with respect to each such change—

6 “(A) a statement of justification for the change;

7 “(B) an analysis of the anticipated savings, to
8 the extent that the change would be justified on the
9 basis of cost savings, as well as any alternative op-
10 tions considered and the reasons why the proposed
11 change is considered preferable;

12 “(C) a description of the anticipated impact of
13 the proposed change on access to and quality of
14 care, and on costs to enrollees likely to be affected;

15 “(D) an assessment of the ability of carriers to
16 implement the proposed change in a manner that is
17 efficient and that promotes the interests referred to
18 in subparagraph (C); and

19 “(E) an analysis of the anticipated economic
20 impact of the proposed change with respect to pro-
21 viders and enrollees, respectively.

22 “(3) The Office shall have each report under this sub-
23 section published in the Federal Register, and shall submit
24 a copy of each such report to both Houses of Congress,
25 as early in the year as possible, consistent with the goal

1 of affording interested persons a meaningful opportunity
2 to comment.”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 subsection (a) shall apply with respect to changes taking
5 effect in any contract year beginning later than 6 months
6 after the date of the enactment of this Act.

○