
FEHB Program Carrier Letter

All Carriers

U.S. Office of Personnel Management
Office of Insurance Programs

Letter No. 2006-24

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Fee-for-service [20] Experience-rated HMO [21] Community-rated HMO [19]

SUBJECT: The President's Executive Order Promoting Quality and Efficient Health Care in Federal Government Health Care Programs

On August 22, 2006, President George W. Bush signed an Executive Order designed to promote quality and efficiency in Federal Government health care programs. The Federal health care programs impacted by the Executive Order are those sponsored or administered by the Department of Health and Human Services (Medicare), the Department of Defense, the Department of Veterans Affairs, and the Office of Personnel Management's Federal Employees Health Benefits Program. The Executive Order can be found at the White House website at: <http://www.whitehouse.gov/news/releases/2006/08/20060822-2.html>.

What is the purpose of the Executive Order?

The purpose is to ensure health care programs administered or sponsored by the Federal Government promote quality and efficient delivery of health care through the use of health information technology, transparency of health care quality and price, and incentives for program enrollees and providers.

The Executive Order requires agencies to make information available to enrollees and providers in a readily usable manner and in collaboration with similar initiatives in the private sector and nonfederal public sector. It specifically directs Federal agencies that administer or sponsor federal health insurance programs to:

- 1) Increase transparency in pricing;
- 2) Increase transparency in quality;
- 3) Encourage adoption of health information technology (IT) standards; and,
- 4) Provide options that promote quality and efficiency in health care.

How will the Executive Order impact FEHB carriers and enrollees?

To support the Executive Order, OPM will work with carriers in the Federal Employees Health Benefits Program to meet four goals:

1. **Transparency in pricing.** OPM will work with carriers to make available to FEHBP enrollees information about the cost of services delivered by various providers. This information will be combined with quality information so that enrollees can see quality and price information together in single, easy-to-use sources.

2. **Transparency in quality.** OPM will work with carriers to make available information on the performance of doctors, hospitals and other health care providers. Carriers will use quality measures that have been developed collaboratively with the health care sector, to help ensure accuracy and fairness.
3. **Effective health IT standards.** To ensure that quality and price information can be rapidly exchanged and easily shared, OPM will work with carriers to encourage carriers to make health information technology systems interoperable – capable of exchanging information.
4. **Provide insurance options that reward cost-conscious consumers** – OPM will continue to work with carriers to ensure FEHBP enrollees are able to access innovative health insurance options that allow consumers to share in the savings, in the form of lower premiums and more effective care, when they take part in making choices.

FEHB health plan enrollees already have a wide variety of health plan designs from which to choose. Consumer-driven and high deductible health plans, including those that offer health savings accounts, allow enrollees to take control of their own health care and give them more tools to choose health care services wisely. The quality and price transparency initiatives we are undertaking for 2007 and beyond will provide even more powerful tools for consumers. And, as these initiatives are aligned with health information technology, they will provide the means for delivery of these tools in a timely and efficient manner.

OPM will highlight a select group of health plans with best practices in transparency in the *Guide to Federal Employees Health Plans* to be issued prior to the November Open Season. And, as more health plans enhance and expand their transparency capabilities, we will highlight them on our Open Season web site.

During the 2006 Open Season, OPM will also expand its web site to provide additional information on the HIT capabilities of FEHB plans so that prospective enrollees can review this information in making health care choices for 2007. OPM will highlight those plans that are able to provide evidence of state-of-the-art capabilities.

What does OPM want FEHB carriers to do to implement the Executive Order?

OPM is working with public and private stakeholders to define health IT systems interoperability standards. As industry standards become established and available, we will work with FEHB carriers to utilize, where available, health information technology systems and products that meet these standards. Carriers will be expected to implement, acquire, or upgrade systems used for the direct exchange of health information between health plans and providers consistent with the standards for interoperability.

OPM will also participate with public and private stakeholders in the development of standard measures regarding the overall cost and quality of services, particularly with regard to common episodes of care and the treatment of common chronic diseases. As part of this process, we may

ask you to participate in the aggregation of claims or other appropriate data for the purpose of quality measurement.

We believe these steps in response to the President's Executive Order will be in the best interest of Federal consumers and will ultimately help lower enrollees' out-of-pocket costs as well as overall health plan costs while maintaining quality care.

Sincerely,

Robert F. Danbeck
Associate Director
for Human Resources Products and Services