

**The National Council of Social Security Management Associations, Inc.**

**THE WASHINGTON REPORT  
LEGISLATIVE REPORT 35-2003**

September 25, 2003

- **OPM Announces FEHBP Premium Increase for 2004**

Federal employees can anticipate paying an average of 10.6 percent more for their share of health insurance premiums beginning in 2004. In addition to the health insurance premium rate increase, federal employees will now be able to choose from 205 health insurance plan options (up from 188 options in 2003), according to a press release issued by the Office of Personnel Management on September 16, 2003. OPM has also introduced two new “consumer driven” health plans to be offered by Humana and Aetna.

The new health insurance premiums will go into effect in January of 2004 and will cost a FEHBP enrollee with self-coverage an average of \$5.00 extra on a biweekly basis. FEHBP enrollees with family coverage can expect to pay an average of \$11.95 more biweekly. Despite double-digit premium rate increase, Kay Coles James believes that the FEHBP is a “model of efficiency and effectiveness.” In the same OPM press release, James commented, “[The FEHBP] has important features, including choice of health plans and competitive benefit packages, as well as no pre-existing condition limitations or waiting periods.” According to James, the average FEHBP 2004 premium increase is much lower than the premium increases the private sector expects to absorb in 2004. Nationwide, private sector employers may be hit with average premium increases of 18 percent or more.

Rep. James Moran (D-VA) expressed concern that federal retirees, who will probably only receive a 2 percent pension increase for 2004, will be “especially hard-hit” by the FEHBP premium increases. In a Washington Post article, Moran stated, “The administration is simply not doing enough for federal employees and retirees.” In the same article, NTEU President Colleen Kelley also expressed concern about the premium increases, “These continued double-digit increases not only are unfair to federal workers in that they far outstrip any pay increases they receive, they serve as a serious impediment to successful recruiting and retention efforts by the federal government.”

Although the “average” increase will be 10.6 percent, OPM officials have warned that some plan rates may increase more than 15 percent. OPM is also urging FEHBP enrollees to pay attention to *benefit* changes during the 2004 enrollment period, which begins on November 10.

- **Senate Finance Committee Passes Social Security Protection Act of 2003**

The Senate Finance Committee has passed the House version of the Social Security Protection Act of 2003 (H.R. 743). Congressman Clay Shaw (R-FL), who is the chairman of the House Social Security Subcommittee, introduced this legislation in February. A similar measure (S. 439) was introduced in February by Sen. Jim Bunning (R-KY) but has not yet been passed out of committee. **One notable difference between the House and Senate bills is that the Senate bill only specifies a good cause exception for fugitive felons – not for parole and probation violators.**

We will continue to work with key members of Congress and their staff to ensure that the House provision extending the good cause exception to parole and probation violators is included in the final version of any legislation that is passed. The legislation still needs to be considered on the floor of the Senate. With the heavy workload still facing the Congress – specifically the must-pass appropriations bills – it is difficult to predict the likelihood of the passage of this legislation (the Social Security Protection Act of 2003) during this Congressional session.

Both versions of the legislation would amend the Social Security Act and the Internal Revenue Code of 1986 to provide additional safeguards for Social Security and SSI beneficiaries with representative payees. The measures would also enhance Social Security program protections.

The Washington Report  
418 C Street, NE  
Washington, DC 20002  
202-547-8530/FAX 202-547-8532  
Contact: Sara Garland or Rachel Emmons  
e-mail: [sarag@greystone-group.com](mailto:sarag@greystone-group.com) or [rachele@greystone-group.com](mailto:rachele@greystone-group.com)