

QUALITY COVERAGE

Improving the FEHB Program Shopping Experience: Prioritizing Quality Supports the Health and Wellbeing of the Federal Workforce

MAY 2021

HEALTH INSURANCE

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QUALITY COVERAGE

Improving the FEHB Program Shopping Experience: Prioritizing Quality Supports the Health and Wellbeing of the Federal Workforce

ACHP recommends modest changes to the FEHB Plan Comparison Tool to improve the ability of consumers to select and choose the highest quality coverage.

THE ISSUE

The Federal Employees Health Benefits (FEHB) Program is the largest employer-based health insurance program in the world. FEHB's current health coverage shopping experience is outdated and does not meet "choice architecture" best practices that are common in other markets. For this reason, federal employees are under-enrolled in the highest quality health plans, which could produce a healthier workforce.



Improving the enrollee shopping experience presents the Office of Personnel Management (OPM) with the opportunity to achieve its strategic goal of having more than three quarters of employees and retirees enrolled in quality, affordable health plans and improve the health, wellbeing and morale of the currently depleted federal civilian workforce.

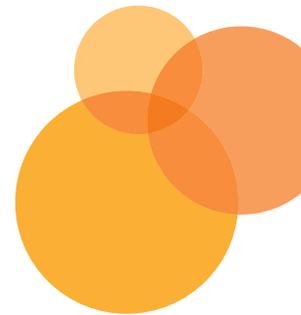
THE RECOMMENDATION

At a time when the quality and value of coverage and care is so critical, **the Alliance of Community Health Plans (ACHP) recommends modest changes to the FEHB Plan Comparison Tool to improve the ability of consumers to select and choose the highest quality options.**

In this issue brief, ACHP details actions that can enhance the shopping experience, invigorate competition in the FEHB marketplace, drive consumers toward top performing health plans and improve the health and wellbeing of the federal civilian workforce.

THE CASE FOR CHANGE

FEHB health plan information is provided through the Plan Comparison Tool hosted on OPM’s website. When compared to shopping tools in other health insurance marketplaces (ACA state-based exchanges, Medicare Advantage (MA), etc.), the Plan Comparison Tool is sorely outdated. **Upgrades—including alignment with best practices and providing shoppers with complete and usable information to aid decision-making—would significantly improve the consumer shopping experience and lead to better health outcomes.**



Despite offering FEHB enrollees many health plan choices, only six percent of FEHB enrollees switch plans in any given year, versus three to four times that number who change plans every year in the ACA, MA and other health plan marketplaces. **Annual percent of enrollees switching plans in different health care marketplaces:**^{1 2 3}



More than 70 percent of federal employees reported that the FEHB Program influenced their decision to take, or remain in, a federal job to a “moderate” or “great” extent.

Source: 2019 Federal Employee Benefits Survey Report. United States Office of Personnel Management. April, 2020. <http://achp.pub/FEHB0>.

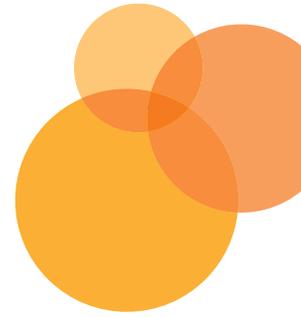
The stability of the FEHB marketplace and the federal employee population, especially in comparison to the MA and ACA markets, may explain some of the differences in plan switching behavior. However, the extent of the differences suggests that there are other factors at play such as:

- **what** information on health care cost, quality and access is available (content),
- **how** it is presented (choice architecture), and
- **when/which** information is prioritized (nudges).

Easing the Shopping Experience

In comparison to health plan selection sites in other markets, the FEHB website is static and often requires shoppers to visit outside links to PDF files containing lengthy summaries. In some instances, key information, such as whether a preferred doctor is in network, is simply unavailable. The FEHB site is also difficult to navigate, allowing sorting for certain cost factors (premium, deductibles, out-of-pocket cost limits), but not all factors — and not by quality of care.

Providing consumers with a meaningful shopping experience encourages a competitive market. Enabling enrollees to confirm that their prescriptions are covered in the plan formulary, that their existing clinicians are in-network and all other information relevant to their health in one comprehensive setting correlates with rational plan decision making.



A recent independent assessment of OPM by the National Academy of Public Administration refers to OPM's "outdated, antiquated technology environment" and the OPM website as "neither user-friendly nor user-centric."

Source: Elevating Human Capital: Reframing the U.S. Office of Personnel Management's Leadership Imperative. March 2021. pp. 59, <http://achp.pub/FEHB4>.

"Empowering consumers to make informed choices about a health plan that meets their needs and budget is critical, and quality information is an essential element for decision making. Quality information is an important proxy on how well a plan works. Every consumer decision support tool should highlight quality ratings of health plans."

-Mila Kofman, J.D.
Executive Director, DC Health Benefit Exchange Authority

Improving Access to Quality Information

Through the FEHB Plan Performance Assessment program, OPM incentivizes health plans to improve care quality, consumer satisfaction and resource use by rewarding plan performance. Key metrics include **preventive measures**, markers of **chronic disease management** and **customer service**. **Enrollees in plans that perform well on these measures benefit from improved health outcomes.**^{4,5}

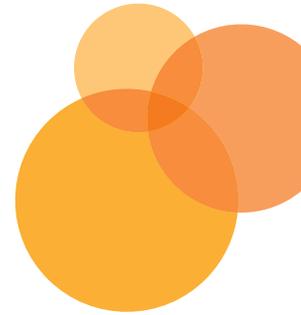
Currently, OPM seeks to enroll more than three quarters of federal employees and retirees in quality, affordable health plans and improve the health, wellbeing and morale of the federal civilian workforce.⁶

In order to achieve that goal, in addition to improving the shopping experience, the Plan Comparison Tool must also prominently display relevant quality information, easily accessible and navigable by shoppers.

Displaying quality ratings prominently and allowing enrollees to sort and compare plan options based on both cost and quality information track with other insurance offerings and higher quality enrollment.⁷ While cost is often the most important factor when selecting a plan, research indicates that when consumers are provided with quality information, they avoid plans with below average ratings, are willing to pay more for an average quality plan and are more likely to switch to a higher quality plan.^{8,9}

RECOMMENDATIONS

The FEHB Plan Comparison Tool is overdue for a significant upgrade. **As long-time champions and innovators in high quality coverage, ACHP recommends improvements to the FEHB shopping experience that better serve federal employees, encourage enrollment in high-quality health plans and increase competition within the FEHB market.** At a minimum, these improvements should include:



Highlight quality of care information

prominently displaying health plan quality ratings to aid consumers in considering quality information in their plan selection.



Add a total cost calculator

to give consumers an approximation of total out-of-pocket costs, including cost sharing based on expected use of the health system.



Allow sorting by total expected cost and quality of care

allowing consumers to view plans according to key selection criteria and empowering them to make the best decisions for themselves and their families.



Include a filtering mechanism

to reduce selection options to those meeting specific criteria such as plan type, narrowing the number of plan choices to view at one time and avoiding "information overload" that stymies consumer engagement.



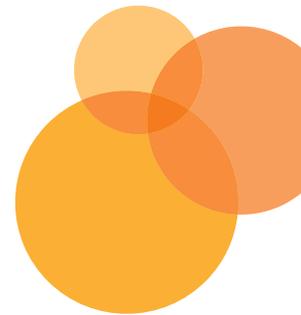
Align plan comparison with plan selection on the same tool

and create a single plan selection platform for use by all FEHB enrollees, minimizing enrollee confusion and improving data sharing between OPM and FEHB plans.

Implementation of these steps does not require OPM to collect additional information from FEHB plans, but to merely make changes to the design features of online tools. Some of the recommended changes may require updates to backend technology; however, OPM can implement these changes in phases, allowing improvement to the overall shopping experience quickly while working towards a more integrated shopping and enrollment experience in the medium-term.

CLOSING THOUGHT

Upgrading OPM’s information technology systems has been at the forefront of conversations about the agency’s future. ACHP encourages OPM to work closely with FEHB health plans, employee unions and other stakeholders to build a more user-friendly FEHB shopping and enrollment experience and to provide consumers with the information they need to select a health plan that will provide high-quality care to enrollees and their families. An up-front investment in improved plan selection infrastructure will result in a healthier, more productive and higher-value federal workforce.



ABOUT ACHP

The Alliance of Community Health Plans (ACHP) represents the nation’s top-performing nonprofit health plans to improve affordability and outcomes in the health care system. ACHP member companies are provider-aligned health organizations that provide high-quality coverage and care to tens of millions of Americans.

They are leading the industry in practical, proven reforms around primary care delivery, value-based payment and data-driven systems improvement.

Want to know more?

Please reach out to Dan Jones at djones@achp.org

¹ The Race for Medicare Switchers is On. Accenture. 2018. pp.3, <http://achp.pub/FEHB1>.

² “Only 33 Percent of Exchange Enrollees in 2016 Kept Their Same Plan from 2015,” Avalere Health, August 20, 2018, <http://achp.pub/FEHB2>.

³ “Overcoming Inertia to Make a Change in FEHB Open Season,” FEDweek, November 6, 2020, <http://achp.pub/FEHB3>.

⁴ “Does Meeting the HEDIS Substance Abuse Treatment Engagement Criterion Predict Patient Outcomes?,” The Journal of Behavioral Health Services & Research, March 2008, <http://achp.pub/FEHB5>.

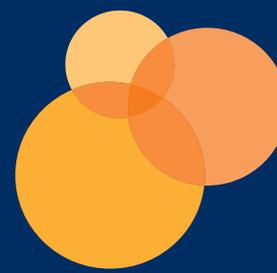
⁵ “Association of Health Plans’ Healthcare Effectiveness Data and Information Set (HEDIS) Performance With Outcomes of Enrollees With Diabetes,” Medical Care, 2010, <http://achp.pub/FEHB6>.

⁶ OPM Strategic Plan Fiscal Years 2018-2022. Office of Personnel Management. February 2018, <http://achp.pub/FEHB7>.

⁷ Marjan Faber et al., “Public Reporting in Health Care: How Do Consumers Use Quality-of-Care Information?” Medical Care, 2009, <http://achp.pub/FEHB8>.

⁸ “The Impact of Health Plan Report Cards on Managed Care Enrollment,” Journal of Health Economics, 2002, <http://achp.pub/FEHB9>.

⁹ “Quality Information and Consumer Health Plan Choices,” Journal of Health Economics, 2002, <http://achp.pub/FEHB10>.



ADDITIONAL ACTIONS

Nudges Help Improve Health Care Choices

Evidence indicates that health plan selection is much more complex than simply presenting information and enabling consumers to choose. Based on the latest research, small changes to the FEHB Plan Comparison Tool and accompanying “nudges” can result in even smarter and higher-quality plan selection.

Research has found that consumers respond to the way information is presented in addition to the information itself. Two promising strategies for increasing the use of quality information in decision-making are wider dissemination of quality information and presentation of quality information in formats that are easily understood by and accessible to a wider range of potential enrollees.

To tip the balance toward use of quality information in plan selection, behavioral economists suggest the use of “nudges” — cues or design features

that influence people to consider quality information in plan choice. Targeted nudges — small interventions in plan enrollment, timely messaging and proper incentives — help enrollees select higher quality plans.¹⁰ For example, interventions such as a total cost of care calculator, defaulting search criteria to prioritize cost and quality and simple, clear explanations of key terms helps drive enrollees to plans that are better for their overall health.¹¹

Research about the efficacy of targeted nudges — such as emails and letters from trusted, unbiased sources — indicates that they can lead to an increase in active shopping and, in some cases, plan switching.¹² In one study, Medicare Advantage enrollees who received a “nudge” letter from their physician encouraging them to switch to plans with higher quality ratings were nearly twice as likely to switch when compared to enrollees who did not receive the letter.¹³

“A nudge is any aspect of the choice architecture that alters people’s behavior in a predictable way without forbidding any options or significantly changing their economic incentives. People will need nudges for decisions that are difficult and rare, for which they do not get prompt feedback, and when they have trouble translating aspects of the situation into terms that they can easily understand.”

– **Dr. Richard H. Thaler**

University of Chicago, co-author of Nudge: Improving Decisions about Health, Wealth, and Happiness

Nudges Spur Action

44% of enrollees who received the letter changed plans

21% who did not receive the letter changed plans

It appears that receiving the nudge from a trusted source doubles the chance of increasing quality enrollment.

Of those who received the “nudge” letter:

25.6% enrolled in a plan with 3 stars or higher

13.2% enrolled in a plan below 3 stars

Source: Encouraging Medicare Advantage Enrollees to Switch to Higher Quality Plans: Assessing the Effectiveness of a ‘Nudge’ Letter,” MDM Policy & Practice, 2017, <http://achp.pub/FEHB14>.

¹⁰ “Shifting From Passive Quality Reporting to Active Nudging to Influence Consumer Choice of Health Plan,” Medical Care Research and Review, 2018, <http://achp.pub/FEHB11>.

¹¹ “Can Consumers Make Affordable Care Affordable? The Value of Choice Architecture,” PLoS ONE (2013), <http://achp.pub/FEHB12>.

¹² “Designing and Regulating Health Insurance Exchanges: Lessons from Massachusetts,” INQUIRY: The Journal of Health Care Organization, Provision, and Financing, 2012, <http://achp.pub/FEHB13>.

¹³ “Encouraging Medicare Advantage Enrollees to Switch to Higher Quality Plans: Assessing the Effectiveness of a ‘Nudge’ Letter,” MDM Policy & Practice, 2017, <http://achp.pub/FEHB14>.