FEHB Program Carrier Letter

All FEHB Carriers

U.S. Office of Personnel Management
Healthcare and Insurance

Letter No. 2018-01 **Date: January 23, 2018**

Fee-for-service [1] Experience-rated HMO [1] Community-rated HMO [1]

SUBJECT: Federal Employees Health Benefits Program Call Letter

SUBMISSION OF PROPOSALS

This is our annual call for benefit and rate proposals from Federal Employees Health Benefits (FEHB) Program carriers. This letter sets forth the policy goals and initiatives for the FEHB Program for 2019. You must submit your benefit and rate proposals for the contract term beginning January 1, 2019 by **May 31, 2018**. Please send your proposals to your Health Insurance Specialist via **overnight mail, FAX, or email**. OPM expects to complete benefit and rate negotiations by mid-August to ensure a timely Open Season. As a reminder, Call Letter responsiveness is evaluated by your Contracting Officer as an element of Plan Performance Assessment.

FEHB PROGRAM BENEFITS AND INITIATIVES

I. Quality and Affordable Coverage

The Office of Personnel Management (OPM) has developed an agency strategic objective to improve the quality of healthcare received by enrollees in FEHB plans, increase the affordability of FEHB plans, and enhance the portfolio of available FEHB plans to increase the proportion that offer high quality at an affordable cost. In alignment with this strategy, this year's Call Letter focuses on topics that we believe will keep the FEHB Program on a path of innovation, quality, and affordability well into the next decade.

Effective plan design is key to providing high-quality, cost-effective health care. For the 2019 plan year, OPM encourages FEHB carriers to carefully consider a broad range of strategies to enhance the quality and affordability of their health benefits by making changes to their existing plans or proposing a distinctive new plan option with value, such as:

- Modifying cost sharing for high-value and low-value benefits to help ensure members are getting the most value for their health care dollar;
- Implementing high-performance tiered provider networks that offer reduced cost sharing for members who choose a provider(s) from such a network;
- Reducing cost sharing when members take action to manage chronic conditions, or obtain higher-quality or more efficient care through creative provider or vendor partnerships (e.g., patient-centered medical home [PCMH], cancer management);

- Improving enrollee engagement and decision support through online portals and other key communication methods, and
- Exploring innovative models that include other cost management techniques, such as new evidence-based utilization management in medical or specialty pharmacy.

II. Addressing the Opioid Epidemic

On October 26, 2017, President Donald J. Trump mobilized the Administration to focus on the opioid crisis through directing the declaration of a nationwide public health emergency.[1, 2] We are including information on how the FEHB Program can take additional steps to confront this complex epidemic through both prevention and treatment. Subsequent to the Administration's declaration of a national public health emergency, the President's Commission on Combating Drug Addiction and the Opioid Crisis published its final report,[3] including 56 comprehensive recommendations. We applaud the efforts of FEHB carriers that have already made significant efforts to prevent and treat addiction. These include:

a) Promoting awareness of opioid risks and addiction treatment resources;
b) Implementing evidence-based prescribing and dispensing guidelines for opioids;
c) Improving access to substance use disorder services, including Medication Assisted Treatment (MAT);
d) Reinforcing mental health parity; and
e) Ensuring the widest availability of overdose reversal or "rescue" agents.

The staggering effect on families, the workforce, and the economy ($504 billion in 2015 according to the White House Council of Economic Advisers[4]) means we must all do more to develop and implement comprehensive solutions. Prescription opioids are often the gateway to opioid addiction—either through misuse, or surprisingly, even when taken as prescribed. Centers for Disease Control and Prevention (CDC) guidelines are available to help FEHB carriers develop or revise evidence-based medical policies for opioid prescribing.[5] We are encouraged that preliminary FEHB data reveals a declining trend in opioid utilization, both in number of prescriptions and quantity dispensed per prescription. Every member encounter represents another opportunity to emphasize the safe use of prescription medications and proper disposal of unused quantities.

We expect all FEHB carriers to strengthen their efforts to prevent opioid misuse and treat addiction. Carriers should begin by reviewing their progress toward items a) through e) above

---

[1] Nationwide Public Health Emergency Declaration: https://www.whitehouse.gov/the-press-office/2017/10/26/president-donald-j-trump-taking-action-drug-addiction-and-opioid-crisis;
[2] HHS Certification: https://www.hhs.gov/sites/default/files/opioid%20PHE%20Declaration-no-sig.pdf
[3] Commission's Report: https://www.whitehouse.gov/sites/whitehouse.gov/files/images/Final_Report_Draft_11-1-2017.pdf
[4] Economic Advisor's Report: https://www.whitehouse.gov/sites/whitehouse.gov/files/images/The%20Underestimated%20Cost%20of%20the%20Opioid%20Crisis.pdf
[5] CDC Guidelines: https://www.cdc.gov/mmwr/volumes/65/rr/rr6501e1.htm

and intensifying tactics as needed. In addition, all proposals for the 2019 plan year must include the following:

1. Description of provider outreach regarding opioid risks. Effective outreach should include network dental providers as applicable and cover screening of patients for opioid use history, pathways for referral to treatment, as well as recommendations for Prescription Drug Monitoring System use.
2. Description of enrollee outreach regarding opioid risks and the availability of other modalities for the treatment of pain.
3. Proposed quantity and prior approval limits on opioid medications, along with safety edits for initial opioid prescription fills and high morphine milligram equivalent doses.
4. Efforts to promote safe disposal of prescription medications.
5. Initiatives to further improve access to MAT, such as adding qualified network providers, removing prior approval requirements, and adjusting formulary placement.
6. Initiatives to facilitate access to naloxone based rescue agents, such as reducing or eliminating cost sharing or removing prior approval requirements.
7. Evaluation of the availability of addiction treatment programs for unique populations (e.g. pregnant women, youth).
8. Assessment of the adequacy of (or proposed changes to) non-opioid pharmacy benefits for pain management, including formulary tiering.
9. Assessment of the adequacy of (or proposed changes to) non-pharmacologic benefits for pain management, including physical therapy, chiropractic or other manipulative therapy, acupuncture, injection therapies, cognitive therapies, psychosocial supports, and medical devices (e.g., nerve stimulation) as applicable.
10. Ongoing or proposed processes to detect and remedy concerns about overuse, misuse, or fraud related to opioid prescribing or urine drug testing.

For 2018, OPM added a new Health Effectiveness Data and Information Set (HEDIS) measure of opioid use (Use of Opioids from Multiple Providers) to the Plan Performance Assessment Farm Team. Additional data regarding utilization of key services related to opioid prescribing, pain management, addiction care, and naloxone rescue agent dispensing will be required as part of each carrier's response to the Automated Data Collection (ADC).

III. Prescription Drugs

Greater utilization of existing drugs and the high cost of new specialty medications contribute significantly to FEHB Program premiums. In 2016, 26.2 percent of total FEHB expenditures were on prescription medications. Most FEHB carriers also report an increase in drug costs per member per year. For 2019, in addition to previous guidance on formulary and utilization management outlined in the 2017 Call Letter (Carrier Letter 2017-01),[6] OPM is focusing on medication management for patients with chronic conditions.

[6] Carrier Letter 2017-01: https://www.opm.gov/healthcare-insurance/healthcare/carriers/2017/2017-01.pdf

Chronic physical and mental health conditions continue to be a primary concern in the healthcare market. FEHB carriers cite heart disease, diabetes, breast cancer, cerebrovascular disease, inflammatory conditions, and respiratory conditions as both most prevalent and most costly.[7] Effective medication management programs are critical to achieving optimal member outcomes and keeping benefits affordable. We are aware of the steps FEHB carriers have taken to integrate comprehensive disease and medication management programs for these conditions, and also see progress toward optimizing the benefit channel through which certain specialty drugs are delivered (e.g., medical or pharmacy benefit).

Studies have shown that approximately 50 percent of medications for chronic disease are not taken as prescribed.[8, 9] We believe FEHB carriers can take action to improve medication adherence, drug utilization management (UM), and the alignment of formularies to established clinical guidelines. OPM is seeking proposals that show how medication management, pharmacy and UM programs are coordinated for chronic conditions, and how the formulary is structured to support them. For FEHB carriers that currently have this in place, OPM is interested in understanding what enhancements can be made.

Medication management programs work collaboratively with members who have multiple drug regimens and chronic conditions to assess their medication regimen, help improve adherence, manage medication costs and avoid adverse safety events to improve health outcomes. OPM is seeking proposals that implement or improve upon existing programs as well as a description of the member inclusion criteria.

To ensure members have access to affordable medications, OPM strongly encourages FEHB carriers to review their contracts and require that members are charged the lesser of the prescription price or applicable copayment amount for prescription medications. We consider the prescription price to be the drug's negotiated price plus dispensing fee or the cash price at the point of sale.

Technology continues to improve the efficiency of provider and pharmacy electronic workflows. Enhanced provider tools such as electronic prior authorizations allow the provider to exchange clinical information in real time, which results in quicker coverage determination turnaround times, reduced prescription abandonment rates and increased member satisfaction. OPM encourages FEHB carriers to adopt technologies that streamline the pharmaceutical coverage determination process and enhance the member experience.

Additional data regarding pharmacy utilization and trends will be required as part of each carrier's response to the ADC tool.

---

[7] March 2017 FEHB Automated Data Collection responses

[8] Peterson AM, Takiya L. Finley R. Meta-analysis of trials of interventions to improve medication adherence. Am J Health Syst Pharm. 2003 Apr 1;60(7). PMID: 12701547

[9] Haynes RB, Ackloo E, Sahota N et al. Interventions for enhancing medication adherence. Cochrane Database of Systematic reviews. 2008(2): CD000011.

IV. Additional Plan Design and Benefit Management Initiatives

Excise Tax

FEHB carriers should review their plan design, network and benefit management strategies in the context of the delayed excise tax on high cost employer-sponsored health coverage. For more information, please refer to the 2016 Call Letter (Carrier Letter 2016-03).[10] We are requesting FEHB carriers communicate what measures have already been undertaken in response to the excise tax language found in Carrier Letter 2016-03 as well as how the carrier anticipates these measures will assist in addressing the potential impact of the excise tax.

FEHB carriers should continue with development of respective contingency plans in preparation for the excise tax. We expect FEHB carriers to design these contingency plans such that the FEHB carrier would be best positioned to avoid an excise tax penalty. As a reminder, all benefit enhancements must be offset by proposed reductions so that premiums are not increased due to benefit changes. However, exceptions can apply for plans that may need to decrease high option benefits to avoid an excise tax penalty but may need to increase standard option benefits in an effort to maintain an overall competitive product in the FEHB Program.

High Deductible Health Plans

Pursuant to FEHB regulations (5 CFR 890.201), all FEHB carriers are able to offer a High Deductible Health Plan (HDHP). Attractive plan design and consumer education on this unique product are two key factors to supporting successful HDHP options within the FEHB. Currently, OPM allows Health Reimbursement Arrangement (HRA) and Health Savings Account (HSA) premium pass-through amounts to be set to no more than 50 percent of a plan's deductible. In efforts to promote innovative HDHP plan design, OPM is seeking proposals for this plan type where the premium pass-through amount to a member's HRA or HSA account is no longer limited to 50 percent of the plan deductible. FEHB carriers are still required to maintain full compliance with the Internal Revenue Code and all applicable Treasury rulings regarding their HDHP offerings.

Additionally, we seek to further educate current and prospective membership on features of HDHPs to promote informed decisions on plan choice. OPM has enhanced the Plan Comparison Tool by clarifying key terms associated with HDHPs and intends to implement additional features, such as showing a "net deductible after pass through" to further assist FEHB enrollees. We encourage FEHB carriers to review their documentation on their HDHP plan options for clarity and understanding.

Genetic Testing

Genetic tests are increasingly available to refine the clinical management of many conditions. Applications of these tests range from pre-conception counseling for prospective parents, to evaluation of metabolic disorders, to precision cancer diagnosis and treatment. The tests may

[10] Carrier Letter 2016-03: https://www.opm.gov/healthcare-insurance/healthcare/carriers/2016/2016-03.pdf

entail analysis of a single gene and/or its related proteins, a panel of genes commonly associated with a particular diagnosis, or whole genome profiling. As the number and complexity of these tests increase, OPM is receiving more member appeals and disputed claims.

Defining covered benefits in this area is challenging because many of these tests have been developed and marketed by certified clinical or research laboratories without U.S. Food and Drug Administration (FDA) approval. Pathways for rapid FDA approval are an important new development[11] and may be helpful in updating medical necessity criteria. Some FEHB carriers rely on an overarching medical policy that guides genetics benefit management or vendors that provide market intelligence and decision support. Pharmacogenomic programs can assist with optimal drug selection, but these do not address all types of clinically indicated genetic testing. Benefit strategies may also include test interpretation services for ordering providers and/or genetic counseling for members.

OPM recognizes that effective genetic benefits management can speed time to diagnosis, optimize treatment, improve health outcomes, and avoid costs associated with adverse drug effects. We strongly encourage FEHB carriers to review their current benefits and propose any needed revisions for 2019. All proposals should include a description of the carrier's genetic testing strategy, scope of included testing, and any applicable vendor partnerships.

V. Continuing Emphasis on Population Health

OPM congratulates FEHB carriers on their progress toward improving Clinical Quality, Customer Service, and Resource Use measures contributing to the Plan Performance Assessment. We especially appreciate FEHB carriers' effort on the three high priority measures: Timeliness of Prenatal Care, Controlling High Blood Pressure, and Plan All Cause Readmissions. In 2017, a majority of FEHB carriers scored above the national commercial average on these three measures, and the percentage of FEHB plans exceeding this benchmark was greater than in 2016. FEHB carriers also performed well on diabetes control, with 61percent scoring above the national average.

However, continued attention to controlling hypertension and diabetes is necessary. FEHB carriers report heart disease and diabetes as the most common conditions among their enrolled population and diabetes as a top driver of medical and pharmacy cost. The 2017 ADC indicated some FEHB carriers are not meeting the U.S. Preventive Services Task Force (USPSTF) recommendations to refer qualifying adults to intensive behavioral counseling interventions for cardiovascular disease and diabetes prevention. As FEHB carriers are required to follow USPSTF recommendations, all FEHB carriers should specifically address this recommendation in their proposals. The National Diabetes Prevention Program Coverage Toolkit offers useful implementation strategies.[12] OPM also encourages FEHB carriers to review new blood pressure control guidelines published by the American College of Cardiology/American Heart

[11] FDA approval pathways: https://www.fda.gov/NewsEvents/Newsroom/PressAnnouncements/ucm587273.htm
[12] NDPP Implementation Guide: http://www.nationaldppcoveragetoolkit.org/wp-content/uploads/2017/06/Step-by-Step-Guide-to-Coverage_Commercial-20170619.pdf

Association Task Force,[13] and highlight strategies to improve medication adherence[14] for both diabetes and hypertension in their proposals.

Immunizations

FEHB carriers are reminded to follow CDC's Advisory Committee on Immunization Practices (ACIP) recommendations[15] on immunizations and ensure coverage information available to providers is current. ACIP recommends a dose of Tetanus, Diphtheria, and Pertussis (Tdap) vaccine during each pregnancy.[16] Pertussis (whooping cough) can be life-threatening for newborns and maternal immunization provides vital protection. Results of the 2017 ADC revealed significant room for improvement in Tdap vaccination rates in pregnant women. ACIP also recommends 11- to 12- year olds get two doses of Human Papillomavirus (HPV) vaccine to protect against cancers caused by HPV and teens and young adults receive the vaccine series according to the published schedule.[17] Plan proposals should describe communication pathways to ensure members receive updated information about Tdap and HPV vaccinations.

VI. Technical Guidance

We will provide guidance on submission of benefit and rate proposals and preparation of brochures in Technical Guidance. Except where noted, all benefit enhancements must be offset by proposed reductions so that premiums are not increased due to benefit changes.

CONCLUSION

OPM's goal for the FEHB Program is to pursue ways to restrain rising health care costs while providing opportunities for members to live healthier lives. OPM is very focused on ways to provide affordable, quality health plans for Federal employees, annuitants and their families. Please discuss all benefit changes with your Health Insurance Specialist.

We look forward to the negotiations for the upcoming contract year. Thank you for your commitment to the FEHB Program.

Sincerely,

Alan P. Spielman
Director
Healthcare and Insurance

---

[13] Blood Pressure Control Guidelines: http://hyper.ahajournals.org/content/early/2017/11/10/HYP.0000000000000065
[14] Medication Adherence: https://millionhearts.hhs.gov/tools-protocols/medication-adherence.html
[15] ACIP Recommendations: https://www.cdc.gov/vaccines/hcp/acip-recs/index.html
[16] Tdap recommendations in pregnancy: https://www.cdc.gov/pertussis/pregnant/hcp/pregnant-patients.html
[17] HPV recommendations: https://www.cdc.gov/hpv/