



San Antonio Alamo Area Local Legislative Updates

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Federal health-care plan costs to rise by most in five years

The enrollee share of premiums in the health insurance program for federal employees and retirees will rise by 7.4 percent on average in 2016, the largest increase since 2011, the government announced Tuesday.

Overall premium increases in the Federal Employees Health Benefits Program will average 6.4 percent, but because of the way the formula works for setting the employer and enrollee shares, the enrollee share on average is increasing by more.

The increases in enrollee premiums break down to an average of 6.5 percent for self-only coverage and 10.7 percent for self and family coverage. Current family plan enrollees who switch to self plus one will see their premiums rise by 4.9 percent on average, rather than the 10.7 percent increase for sticking with family coverage.

The government pays about 70 percent of the total premium on average. The U.S. Postal Service pays a higher percentage for its employees, although not for its retirees, under terms of union contracts there. The average increases for postal employees work out to be higher by several percentage points.

Increases in the federal program have been in the 4 percent range the last four years, and even with a larger increase for 2016, “we are still in a period of relatively modest increases,” OPM director of health care and insurance John O’Brien said in a conference call with reporters.

However, organizations representing federal employees and retirees decried the increases, pointing out that federal employees are in line for only a 1.3 percent raise in January on average, and that retirees likely will receive no cost of living adjustment, or only a minimal one, due to the overall low rate of inflation.

Rising health-care costs could even mean reduced take-home pay for some federal employees, while retirees are facing an even worse situation, National Active and Retired Federal Employees Association President Richard G. Thissen said in a statement

“Federal employees have endured five years of frozen or miniscule pay raises, while retirees aren’t getting a dime of additional support next year. How are they supposed to maintain their standard of living when costs for essential things like health care keep going up?” American Federation of Government Employees President J. David Cox Jr. said in a statement.

The OPM officials said that benefits will be generally stable, along with out of pocket costs such as co-pays and deductibles. Some plans are adding incentives for enrollees to participate in wellness programs designed to hold down costs.