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Enrollment in FEHBP Plans in Rural America: What Are the Implications for Medicare Reform?

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Recent proposals to reform the Medicare program and add an outpatient prescription drug benefit have used the Federal Employees Health Benefits Program (FEHBP) as the model for how private plans could be incorporated into the Medicare program. In this Policy Brief, we present information showing how FEHBP is functioning in non-metropolitan (rural) areas of the country. We present enrollment patterns into the various options available in the FEHBP, descriptions of the choices typically *available* in rural areas, and location of primary care providers used by plans in a sample of rural communities.

What is FEHBP and how does it work?

FEHBP is administered by the Office of Personnel Management (OPM), which negotiates with insurance carriers wanting to offer their plan options to federal employees. The availability of choices is driven by how many plans want to be in the market under the general conditions put forth by the OPM. Currently seven national plans offer 12 options, meaning all rural areas have at least that many choices technically available.¹ In many areas, an additional six plans are offered for specific groups (e.g., the Secret Service) that other federal employees can join by paying a fee. Finally, in 2001, over 200 other plans were available in specific regions. All plans in the FEHBP are either health maintenance organizations (HMOs) or preferred provider organizations (PPOs). The PPO plans, which include the 12 nationwide plan options, have higher out-of-pocket costs when using providers who do not participate in the PPO.

In places where the competing health plans are unlikely to ever emerge, any policy predicated on assumptions that competing plans will deliver health insurance benefits needs to have a "fallback" option that is guaranteed to work.

Full Policy Implications on Page 12 (back cover)

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The fact that plan options are *available* because they are listed on the OPM web site does not mean they are *viable* choices for rural residents. We approach the issue of viability by using two different indicators.

1. Examining choices actually made by federal employees is a more accurate portrayal of viable choices than listing available choices.
2. The proximity of primary care providers participating in the PPO influences choices.

Enrollment into FEHBP Choices

This Brief focuses on actual enrollment patterns in FEHBP plans, differentiated across rural and urban areas. People are showing us with the choice they made what choices were viable.

Table 1 shows that about 3.7 million employees and annuitants were enrolled in FEHBP across the U.S. in 2001 and that there are significant differences in rural and urban patterns:

- Total rural enrollment was just over 592,000; urban enrollment was 3.1 million.
- Six nationwide plans accounted for 87% of rural enrollment; those same six plans accounted for 67% of urban enrollment.
- Blue Cross/Blue Shield's (BC/BS) nationwide plan accounts for 58% of rural enrollment. As evident in the section on *Access to Primary Care in FEHBP Choices* (below), in many rural communities BC/BS is the only plan using local providers in its PPO.

Retirees (annuitants) are the majority of rural FEHBP enrollees (58%), and these retirees making FEHBP choices could be a close parallel to what would be the experience of Medicare beneficiaries. Table 2 shows that annuitants are more likely than other rural persons to congregate in nationwide plans (90% of rural annuitants enrolled in nationwide plans, as compared to 87% of all rural FEHBP enrollees).

While 86% of metropolitan counties had 10 or more plans active with enrollment in 2001, only 30% of rural counties had 10 or more active plans (Table 3). Of course, this is explained by the fact that some rural counties have too few federal employees to expect enrollment in 10 or more plans. However, Table 3 shows that several rural counties had very few FEHBP enrollees (13 rural counties had 1-5 FEHBP enrollees, and 22 counties had 6-9 FEHBP enrollees). For further information see www.rupri.org/healthpolicy. The county-specific data confirm the aggregated data: the vast majority of rural FEHBP enrollees congregate into just a few plans, primarily into the nationwide plans, and into the BC/BS plan in particular.

Access to Primary Care in FEHBP Choices

Differences in out-of-pocket costs between using in-network providers vs. out-of-network providers can be substantial (Table 4). Most persons would presumably prefer to see a physician who participates in the PPO they would choose. In rural areas this would typically mean that the preference is for the local primary care provider to be a PPO provider, making proximity a selection criteria that may restrict choice in many rural communities. Table 5 shows the proximity of the nearest primary care providers in each of the plan options available to rural residents, in communities of various size.² In rural areas, enrollees in some FEHBP plans have access to providers in closer proximity to their residence. For example, enrollees in the BCBS plan in Lolita, Texas, have four primary care providers within 10 miles of their residence, and enrollees in the BCBS plan in Mullen, Nebraska, have two primary care providers within the same community; enrollees in other plans would travel at least 20 miles (from Lolita) and 100 miles (from Mullen) to the nearest primary care provider.

Persons in small rural communities face restricted choices if they want the economic advantage of PPOs and the convenience of using their local primary care physician. Only the BC/BS plans consistently include the nearest physicians in their PPOs (they also include the more distant physicians; the table reports only the number in the nearest location).

Table 1. Enrollment in Federal Employees Health Benefits Program Plans, by Resident Location of Enrollee, 2001

| Plan No. | Plan Name | Rural | | Rural total | Urban | Total |
|--|--|----------|-------------|-------------|-----------|-----------|
| | | Adjacent | Nonadjacent | | | |
| TOTAL ENROLLEES IN FEHBP PLANS | | | | | | |
| Nationwide plans: | | | | | | |
| 10 | Blue Cross and Blue Shield Plan | 187,214 | 158,663 | 345,877 | 1,490,014 | 1,835,891 |
| 45 | Mail Handlers Plan | 43,557 | 40,518 | 84,075 | 291,132 | 375,207 |
| 31 | GEHA (Government Employees Hospital Association) Benefit Plan | 24,303 | 26,621 | 50,924 | 164,911 | 215,835 |
| 47 | APWU (American Postal Workers Union) Health Plan | 8,117 | 7,627 | 15,744 | 60,735 | 76,479 |
| 32 | NALC (National Association of Letter Carriers) | 8,681 | 6,619 | 15,300 | 77,103 | 92,403 |
| 36 | PBP (Postmasters Benefits Plan) (National League of Postmasters) | 1,816 | 1,958 | 3,774 | 6,479 | 10,253 |
| 1R | Alliance Health Plan | 367 | 308 | 675 | 3,255 | 3,930 |
| <i>Total in these nationwide plans</i> | | 274,055 | 242,314 | 516,369 | 2,093,629 | 2,609,998 |
| Other Plans with significant enrollment in rural areas (with more than 10,000 rural enrollees): | | | | | | |
| 38 | National Rural Letter Carriers Association | 12,911 | 11,793 | 24,704 | 16,088 | 40,792 |
| <i>Total in all other plans</i> | | 36,162 | 14,954 | 51,116 | 1,031,201 | 1,082,317 |
| TOTAL ENROLLEES IN FEHBP PLANS | | | | | | |
| Nationwide plans: | | | | | | |
| 10 | Blue Cross and Blue Shield Plan | 57.9% | 59.0% | 58.4% | 47.4% | 49.2% |
| 45 | Mail Handlers Benefit Plan | 13.5% | 15.1% | 14.2% | 9.3% | 10.1% |
| 31 | GEHA (Government Employees Hospital Association) Benefit Plan | 7.5% | 9.9% | 8.6% | 5.3% | 5.8% |
| 47 | APWU (American Postal Workers Union) Health Plan | 2.5% | 2.8% | 2.7% | 1.9% | 2.0% |
| 32 | NALC (National Association of Letter Carriers) | 2.7% | 2.5% | 2.6% | 2.5% | 2.5% |
| 36 | PBP (Postmasters Benefits Plan) (National League of Postmasters) | 0.6% | 0.7% | 0.6% | 0.2% | 0.3% |
| 1R | Alliance Health Plan | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| <i>Total in these nationwide plans</i> | | 84.8% | 90.1% | 87.2% | 66.7% | 69.9% |
| Other Plans with significant enrollment in rural areas (with more than 1000 rural enrollees): | | | | | | |
| 38 | National Rural Letter Carriers Association | 4.0% | 4.4% | 4.2% | 0.5% | 1.1% |
| <i>Total in all other plans</i> | | 11.2% | 5.6% | 8.6% | 32.8% | 29.0% |

SOURCE: Rural Policy Research Institute (RUPRI) Center for Rural Health Policy Analysis, based on data from U.S. Office of Personnel Management.

NOTE: Enrollment does not include dependents.

Table 2. Enrollment in Federal Employees Health Benefits Program Plans, by Type of Enrollee and Residence, 2001

| | All enrollees | Rural total | Rural adjacent | Rural nonadjacent | Urban total | Central urban | Other urban |
|--|---------------|-------------|----------------|-------------------|-------------|---------------|-------------|
| All Enrollees, by Type & Location | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Nationwide plans | 69.9% | 87.2% | 84.8% | 90.1% | 66.7% | 59.7% | 76.7% |
| Other plans | 30.1% | 12.8% | 15.2% | 9.9% | 33.3% | 40.3% | 23.3% |
| Annuitants (Retirees) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Nationwide plans | 81.2% | 89.3% | 88.5% | 90.3% | 79.2% | 74.6% | 84.5% |
| Other plans | 18.8% | 10.7% | 11.5% | 9.7% | 20.8% | 25.4% | 15.5% |
| Non-Postal workers | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Nationwide plans | 62.4% | 86.4% | 80.4% | 92.4% | 58.9% | 52.4% | 69.9% |
| Other plans | 37.6% | 13.6% | 19.6% | 7.6% | 41.1% | 47.6% | 30.1% |
| Postal workers | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Nationwide plans | 55.1% | 80.2% | 75.9% | 84.7% | 51.5% | 43.8% | 65.6% |
| Other plans | 44.9% | 19.8% | 24.1% | 15.3% | 48.5% | 56.2% | 34.4% |

SOURCE: Rural Policy Research Institute (RUPRI) Center for Rural Health Policy Analysis, based on data from U.S. Office of Personnel Management.

NOTE: Enrollment does not include dependents.

Table 3. Federal Employees Health Benefits Program Plan Activity by County, 2001

| | Rural Counties | Metropolitan Counties | All Counties |
|------------------|----------------|-----------------------|--------------|
| No plans | 0% | 0% | 0% |
| 1-2 plans | 2% | 2% | 2% |
| 3-5 plans | 11% | 2% | 8% |
| 6-9 plans | 57% | 12% | 45% |
| 10 or more plans | 30% | 86% | 45% |

Source: Office of Personnel Management, Office of Actuarial Data, based on enrollment by federal employees.

Table 4. Nationwide Health Plans: Out-of-Pocket Costs

| Alliance Health Plan | | | | | | | | | | | | | | |
|-----------------------------|--|--|------------------|---------------------|-------------|--|--|--|------------|-------------------------|-------------|--|--|--|
| | | | Inpatient | | | | | | | Physician Visits | | | | |
| | | | PPO | | | | | | | PPO | | | | |
| | | | Deductible | Copay | Coinsurance | | | | Deductible | Copay (per visit) | Coinsurance | | | |
| | | | \$200 | \$150 per admission | 10% | | | | \$200 | \$15 | 10% | | | |
| | | | NonPPO | | | | | | | NonPPO | | | | |
| | | | Deductible | Copay | Coinsurance | | | | Deductible | Copay (per visit) | Coinsurance | | | |
| | | | \$400 | None | 30% | | | | \$500 | None | 50% | | | |

| APWU Health Plan | | | | | | | | | | | | | |
|-------------------------|------------|-------|------------------|--|--|--|------------|-------------------|-------------|-------------------------|--|--|--|
| | | | Inpatient | | | | | | | Physician Visits | | | |
| | | | PPO | | | | | | | PPO | | | |
| Plan Type | Deductible | Copay | Coinsurance | | | | Deductible | Copay (per visit) | Coinsurance | | | | |
| Low | None | None | 15% | | | | None | None | 15% | | | | |
| High | None | None | 10% | | | | \$250 | \$15 | 10% | | | | |
| | | | NonPPO | | | | | | | NonPPO | | | |
| Plan Type | Deductible | Copay | Coinsurance | | | | Deductible | Copay (per visit) | Coinsurance | | | | |
| Low | None | None | 40% | | | | None | None | 40% | | | | |
| High | \$200 | None | 30% | | | | \$350 | None | 30% | | | | |

| Blue Cross and Blue Shield Service Benefit Plan | | | | | | | | | | | | | |
|--|------------|-----------------|------------------|--|--|--|--------------------|-------------------|-------------|-------------------------|--|--|--|
| | | | Inpatient | | | | | | | Physician Visits | | | |
| | | | PPO | | | | | | | PPO | | | |
| Plan Type | Deductible | Copay | Coinsurance | | | | Deductible | Copay (per visit) | Coinsurance | | | | |
| Standard | \$250 | None | 10% | | | | None | \$15 | None | | | | |
| Basic | None | \$100 per day*5 | None | | | | None | \$20-30 | None | | | | |
| | | | NonPPO | | | | | | | NonPPO | | | |
| Plan Type | Deductible | Copay | Coinsurance | | | | Deductible | Copay (per visit) | Coinsurance | | | | |
| Standard | \$250 | None | 25% | | | | \$250 | None | 25% | | | | |
| Basic | n/a | n/a | n/a | | | | No NonPPO Benefits | | | | | | |

| GEHA Benefit Plan | | | | | | | | | | | | | |
|--------------------------|---------------------|-------|------------------|--|--|--|------------|-------------------|-------------|-------------------------|--|--|--|
| | | | Inpatient | | | | | | | Physician Visits | | | |
| | | | PPO | | | | | | | PPO | | | |
| Plan Type | Deductible | Copay | Coinsurance | | | | Deductible | Copay (per visit) | Coinsurance | | | | |
| Standard | \$450 | None | 15% | | | | \$450 | None | 15% | | | | |
| High | \$100 per admission | None | None | | | | \$350 | None | 10% | | | | |
| | | | NonPPO | | | | | | | NonPPO | | | |
| Plan Type | Deductible | Copay | Coinsurance | | | | Deductible | Copay (per visit) | Coinsurance | | | | |
| Standard | \$450 | None | 35% | | | | \$450 | None | 35% | | | | |
| High | \$300 per admission | None | None | | | | \$350 | None | 25% | | | | |

Table 4. (continued) Nationwide Health Plans: Out-of-Pocket Costs

| Mail Handlers | | | | | | |
|----------------------|------------------|---------------------|---------------------|-------------------------|-------------------|-------------|
| | Inpatient | | | Physician Visits | | |
| | PPO | | | PPO | | |
| <i>Plan Type</i> | Deductible | Copay | Coinsurance | Deductible | Copay (per visit) | Coinsurance |
| Standard | None | \$150 per admission | None | None | \$18 | None |
| High | None | None | None | None | \$15 | None |
| | NonPPO | | | NonPPO | | |
| <i>Plan Type</i> | Deductible | Copay | Coinsurance | Deductible | Copay (per visit) | Coinsurance |
| Standard | None | None | \$300 per admission | None | None | 30% |
| High | None | None | \$250 per admission | None | None | 30% |

| NALC Health Plan | | | | | | |
|-------------------------|------------------|---------------------|-------------|-------------------------|-------------------|-------------|
| | Inpatient | | | Physician Visits | | |
| | PPO | | | PPO | | |
| | Deductible | Copay | Coinsurance | Deductible | Copay (per visit) | Coinsurance |
| | None | None | 10% | None | \$20 | 15% |
| | NonPPO | | | NonPPO | | |
| | Deductible | Copay | Coinsurance | Deductible | Copay (per visit) | Coinsurance |
| | None | \$100 per admission | 30% | None | None | 30% |

| PBP Health Plan | | | | | | |
|------------------------|---------------------|-------|-------------|-------------------------|-------------------|-------------|
| | Inpatient | | | Physician Visits | | |
| | PPO | | | PPO | | |
| <i>Plan Type</i> | Deductible | Copay | Coinsurance | Deductible | Copay (per visit) | Coinsurance |
| Standard | None | None | 9% | None | \$8 | None |
| High | None | None | 10% | None | None | 10% |
| | NonPPO | | | NonPPO | | |
| <i>Plan Type</i> | Deductible | Copay | Coinsurance | Deductible | Copay (per visit) | Coinsurance |
| Standard | \$250 | None | 30% | None | None | 30% |
| High | \$150 per admission | None | 25% | None | None | 25% |

Sources: Office of Personnel Management: <http://www.opm.gov>; Alliance Health Plan: <http://www.geoaccess.com/phcs/po/>; APWU Health Plan: <http://www.apwuhp.com/>; Blue Cross and Blue Shield Service Plan: <http://www.fepblue.org/>; GEHA Benefit Plan: <http://www.geha.com/>; Mail Handlers: <http://www.firsthealth.com/ghp/servlet/GHPServlet>; NALC: <http://www.nalc.org/depart/hbp/Providers/FH/index.html>; PBP Health Plan: <http://www.postmasters.org/pbp.asp>; WINhealth: www.winhealthpartners.org; Healthnet AZ: www.az.health.net; BlueChoice: www.bcbsmo.com; Coventry: www.chckansas.com; Mercy: www.mercyhealthplans.com

Table 5. Availability of PPO Providers in Selected Communities

Population Category: 0-9999

| Plevna, MT | | Population: 140 | | | | Providers Accepting Medicare: 0 | | | |
|--|------------------------------------|--------------------------|-------------------|-------------------------------|--------------------|---------------------------------|--------------------|-------------------------------|--------------------|
| Nationwide Fee-For-Service (PPO) Plans and Location of Providers | | Distance to Primary Care | | Providers Within Primary Care | | Distance to Hospitals | | Hospitals Within Primary Care | |
| Plan | Location of Primary Care Providers | Nearest Care (miles) | Providers (miles) | Nearest Distance | Providers Distance | Nearest Distance | Providers Distance | Nearest Distance | Providers Distance |
| Alliance | Miles City, MT | 70 | 5 | 8 | 100 | 0 | 8 | 100 | 0 |
| APWU | Miles City, MT | 70 | 4 | 11 | 20 | 1 | 11 | 20 | 1 |
| BCBS | Baker, MT | 20 | 1 | 3 | 50 | 1 | 3 | 50 | 1 |
| GEHA | Glendive, Miles City, MT | 60 | 7 | 18 | 20 | 1 | 18 | 20 | 1 |
| Mail Handlers | Glendive, Miles City, MT | 60 | 4 | 9 | 50 | 1 | 9 | 50 | 1 |
| NALC | Glendive, Miles City, MT | 60 | 4 | 7 | 50 | 1 | 7 | 50 | 1 |
| PBP | Miles City, MT | 70 | 5 | 8 | 100 | 1 | 8 | 100 | 1 |

| Mullen, NE | | Population: 554 | | | | Providers Accepting Medicare: 2 | | | |
|--|---|--------------------------|-------------------|-------------------------------|--------------------|---------------------------------|--------------------|-------------------------------|--------------------|
| Nationwide Fee-For-Service (PPO) Plans and Location of Providers | | Distance to Primary Care | | Providers Within Primary Care | | Distance to Hospitals | | Hospitals Within Primary Care | |
| Plan | Location of Primary Care Providers | Nearest Care (miles) | Providers (miles) | Nearest Distance | Providers Distance | Nearest Distance | Providers Distance | Nearest Distance | Providers Distance |
| Alliance | Big Springs, NE | 100 | 1 | 2 | 90 | 1 | 2 | 90 | 1 |
| APWU | Alliance, Broken Bow, Sargent, Mullen, NE | 100 | 13 | 18 | 80 | 1 | 13 | 80 | 1 |
| BCBS | Mullen, NE | 0 | 2 | 2 | 60 | 2 | 2 | 60 | 2 |
| GEHA | N. Platte, Valentine, NE | 100 | 32 | 49 | 100 | 4 | 32 | 100 | 4 |
| Mail Handlers | N. Platte, Valentine, NE | 100 | 16 | 24 | 80 | 1 | 16 | 80 | 1 |
| NALC | N. Platte, Valentine, NE | 100 | 16 | 23 | 80 | 1 | 16 | 80 | 1 |
| PBP | Mullen, NE | 100 | 0 | 0 | 50 | 1 | 0 | 50 | 1 |

| Lolita, TX | | Population: 700 | | | | Providers Accepting Medicare: 0 | | | |
|--|------------------------------------|--------------------------|-------------------|-------------------------------|--------------------|---------------------------------|--------------------|-------------------------------|--------------------|
| Nationwide Fee-For-Service (PPO) Plans and Location of Providers | | Distance to Primary Care | | Providers Within Primary Care | | Distance to Hospitals | | Hospitals Within Primary Care | |
| Plan | Location of Primary Care Providers | Nearest Care (miles) | Providers (miles) | Nearest Distance | Providers Distance | Nearest Distance | Providers Distance | Nearest Distance | Providers Distance |
| Alliance | Placios, Port Lavaca, TX | 20 | 15 | 32 | 20 | 2 | 15 | 20 | 2 |
| APWU | Placios, Port Lavaca, TX | 20 | 13 | 18 | 20 | 2 | 13 | 20 | 2 |
| BCBS | Edna, TX | 10 | 4 | 9 | 20 | 2 | 4 | 20 | 2 |
| GEHA | Placios, Port Lavaca, TX | 20 | 15 | 24 | 20 | 2 | 15 | 20 | 2 |
| Mail Handlers | Port Lavaca, TX | 20 | 23 | 35 | 20 | 3 | 23 | 20 | 3 |
| NALC | Port Lavaca, TX | 20 | 18 | 22 | 20 | 3 | 18 | 20 | 3 |
| PBP | Port Lavaca, Edna, TX | 25 | 16 | 19 | 20 | 2 | 16 | 20 | 2 |

| Moorcroft, WY | | Population: 768 | | | | Providers Accepting Medicare: 3 | | | |
|--|------------------------------------|--------------------------|-------------------|-------------------------------|--------------------|---------------------------------|--------------------|-------------------------------|--------------------|
| Nationwide Fee-For-Service (PPO) Plans and Location of Providers | | Distance to Primary Care | | Providers Within Primary Care | | Distance to Hospitals | | Hospitals Within Primary Care | |
| Plan | Location of Primary Care Providers | Nearest Care (miles) | Providers (miles) | Nearest Distance | Providers Distance | Nearest Distance | Providers Distance | Nearest Distance | Providers Distance |
| Alliance | Buffalo, WY; Custer, SD | 100 | 0 | 3 | 100 | 0 | 0 | 100 | 0 |
| APWU | Spearfish, Deadwood, SD | 70 | 7 | 17 | 40 | 1 | 7 | 40 | 1 |
| BCBS | Moorcroft, WY | 0 | 1 | 2 | 40 | 2 | 1 | 40 | 2 |
| GEHA | Spearfish, Sturgis, SD | 100 | 22 | 47 | 50 | 1 | 22 | 50 | 1 |
| Mail Handlers | Spearfish, Deadwood, SD | 60 | 7 | 19 | 30 | 1 | 7 | 30 | 1 |
| NALC | Spearfish, Sturgis, SD | 70 | 12 | 24 | 30 | 1 | 12 | 30 | 1 |
| PBP | Hill City, SD | 100 | 0 | 1 | 25 | 1 | 0 | 25 | 1 |

| Local and Regional Fee-For-Service (PPO) Plans and Location of Providers | | Distance to Primary Care | | Providers Within Primary Care | | Distance to Hospitals | | Hospitals Within Primary Care | |
|--|------------------------------------|--------------------------|-------------------|-------------------------------|--------------------|-----------------------|--------------------|-------------------------------|--------------------|
| Plan | Location of Primary Care Providers | Nearest Care (miles) | Providers (miles) | Nearest Distance | Providers Distance | Nearest Distance | Providers Distance | Nearest Distance | Providers Distance |
| WINhealth | n/a | n/a | 0 | 0 | na | na | 0 | na | na |

Table 5. (continued) Availability of PPO Providers in Selected Communities

Population Category: 1,000-3,499

| Dudleyville, AZ | | Population: 1,356 | | Providers Accepting Medicare: 0 | |
|---|--|--------------------------------|------------------|---|-----------------------------------|
| Nationwide Fee-For-Service (PPO) Plans and Location of Providers | | Distance to Primary Care | | Providers Accepting Medicare: 0 | |
| Plan | Location of Nearest Primary Care Providers | Primary Care Providers (miles) | Distance (miles) | Total Providers Within Nearest Distance | Hospitals Within Nearest Distance |
| Alliance | Hayden, Kearney, AZ | 20 | 40 | 3 | 6 |
| APWU | Globe, Claypool, San Manuel, AZ | 40 | 40 | 5 | 1 |
| BCBS | San Manuel, AZ | 20 | 40 | 2 | 2 |
| GEHA | Kearney, AZ | 20 | 50 | 1 | 3 |
| Mail Handlers | San Manuel, Kearney, AZ | 20 | 30 | 3 | 1 |
| NALC | Globe, AZ | 30 | 30 | 8 | 1 |
| PBP | San Manuel, Kearney, AZ | 25 | 50 | 2 | 2 |
| Local and Regional Fee-For-Service (PPO) Plans and Location of Providers | | | | | |
| HealthNet AZ | Superior, AZ | 25 | na | 1 | n/a |

| Fullerton, NE | | Population: 1,452 | | Providers Accepting Medicare: 7 | |
|--|--|--------------------------------|------------------|---|-----------------------------------|
| Nationwide Fee-For-Service (PPO) Plans and Location of Providers | | Distance to Primary Care | | Providers Accepting Medicare: 7 | |
| Plan | Location of Nearest Primary Care Providers | Primary Care Providers (miles) | Distance (miles) | Total Providers Within Nearest Distance | Hospitals Within Nearest Distance |
| Alliance | Grand Island, NE | 40 | 40 | 1 | 1 |
| APWU | St. Paul, NE | 30 | 30 | 4 | 2 |
| BCBS | Fullerton, NE | 0 | 20 | 7 | 2 |
| GEHA | St. Paul, Central City, Genoa, St. Paul, Genoa, NE | 50 | 20 | 47 | 5 |
| Mail Handlers | St. Paul, Genoa, NE | 20 | 20 | 3 | 1 |
| NALC | St. Paul, NE | 20 | 20 | 3 | 1 |
| PBP | O'Neil, Niobrara, NE | 100 | 50 | 3 | 1 |

| Townsend, MT | | Population: 1,635 | | Providers Accepting Medicare: 8 | |
|--|--|--------------------------------|------------------|---|-----------------------------------|
| Nationwide Fee-For-Service (PPO) Plans and Location of Providers | | Distance to Primary Care | | Providers Accepting Medicare: 8 | |
| Plan | Location of Nearest Primary Care Providers | Primary Care Providers (miles) | Distance (miles) | Total Providers Within Nearest Distance | Hospitals Within Nearest Distance |
| Alliance | Livingston, Anaconda, MT | 80 | 100 | 1 | 0 |
| APWU | Boulder, Helena, MT | 40 | 0 | 27 | 1 |
| BCBS | Boulder, MT | 30 | 0 | 4 | 1 |
| GEHA | Helena, MT | 50 | 0 | 9 | 1 |
| Mail Handlers | Boulder, Helena, MT | 40 | 30 | 34 | 1 |
| NALC | Boulder, Helena, MT | 40 | 30 | 34 | 1 |
| PBP | Deer Lodge, Butte, MT | 100 | 10 | 7 | 1 |

| Calhoun City, MS | | Population: 1,872 | | Providers Accepting Medicare: 3 | |
|--|--|--------------------------------|------------------|---|-----------------------------------|
| Nationwide Fee-For-Service (PPO) Plans and Location of Providers | | Distance to Primary Care | | Providers Accepting Medicare: 3 | |
| Plan | Location of Nearest Primary Care Providers | Primary Care Providers (miles) | Distance (miles) | Total Providers Within Nearest Distance | Hospitals Within Nearest Distance |
| Alliance | Bruce, MS | 20 | 60 | 1 | 2 |
| APWU | Water Valley, MS | 10 | 10 | 1 | 1 |
| BCBS | Calhoun City, MS | 0 | 10 | 2 | 1 |
| GEHA | Calhoun City, MS | 10 | 10 | 5 | 1 |
| Mail Handlers | Bruce, Woodland, MS | 20 | 50 | 5 | 3 |
| NALC | Houston, MS | 20 | 30 | 4 | 1 |
| PBP | Calhoun City, MS | 0 | 0 | 2 | 1 |

Table 5. (continued) Availability of PPO Providers in Selected Communities

Population Category: 3,500-9,999

| Lewiston, MT | | Population: 5,813 | | | | Providers Accepting Medicare: 24 | | | |
|--|------------------------------------|--------------------------------|------------------|--------------------------|--------------------------|----------------------------------|------------------|----------------|------------------|
| Nationwide Fee-For-Service (PPO) Plans and Location of Providers | | Distance to | | Primary Care | | Total | | Hospitals | |
| Plan | Location of Primary Care Providers | Primary Care Providers (miles) | Distance (miles) | Providers Within Nearest | Providers Within Nearest | Distance (miles) | Distance (miles) | Within Nearest | Distance (miles) |
| Alliance | none within 100 miles | 100 | 100 | 0 | 0 | 0 | 100 | 0 | 0 |
| APWU | Lewiston, MT | 0 | 0 | 1 | 1 | 0 | 1 | 1 | 1 |
| BCBS | Lewiston, MT | 0 | 0 | 12 | 33 | 0 | 1 | 1 | 1 |
| GEHA | Lewiston, MT | 0 | 0 | 1 | 1 | 0 | 1 | 1 | 1 |
| Mail Handlers | Columbus, Billings, MT | 100 | 50 | 20 | 32 | 50 | 1 | 1 | 2 |
| NALC | Lewiston, MT | 0 | 50 | 1 | 1 | 50 | 1 | 1 | 2 |
| PBP | Billings, MT | 100 | 50 | 50 | 106 | 50 | 1 | 1 | 1 |

| Ellsworth, ME | | Population: 6,456 | | | | Providers Accepting Medicare: 73 | | | |
|--|------------------------------------|--------------------------------|------------------|--------------------------|--------------------------|----------------------------------|------------------|----------------|------------------|
| Nationwide Fee-For-Service (PPO) Plans and Location of Providers | | Distance to | | Primary Care | | Total | | Hospitals | |
| Plan | Location of Primary Care Providers | Primary Care Providers (miles) | Distance (miles) | Providers Within Nearest | Providers Within Nearest | Distance (miles) | Distance (miles) | Within Nearest | Distance (miles) |
| Alliance | Ellsworth, ME | 0 | 0 | 1 | 2 | 20 | 1 | 1 | 1 |
| APWU | Ellsworth, ME | 0 | 0 | 12 | 44 | 20 | 1 | 1 | 1 |
| BCBS | York, ME; Moody, ME | 10 | 28 | 28 | 94 | 10 | 1 | 1 | 1 |
| GEHA | Ellsworth, ME | 0 | 0 | 1 | 1 | 20 | 1 | 1 | 1 |
| Mail Handlers | Ellsworth, ME | 0 | 0 | 1 | 3 | 50 | 2 | 2 | 2 |
| NALC | Bangor, ME | 50 | 50 | 12 | 50 | 50 | 2 | 2 | 2 |
| PBP | Camden, ME | 100 | 50 | 2 | 4 | 50 | 1 | 1 | 1 |

| Arab, AL | | Population: 7,174 | | | | Providers Accepting Medicare: 11 | | | |
|--|------------------------------------|--------------------------------|------------------|--------------------------|--------------------------|----------------------------------|------------------|----------------|------------------|
| Nationwide Fee-For-Service (PPO) Plans and Location of Providers | | Distance to | | Primary Care | | Total | | Hospitals | |
| Plan | Location of Primary Care Providers | Primary Care Providers (miles) | Distance (miles) | Providers Within Nearest | Providers Within Nearest | Distance (miles) | Distance (miles) | Within Nearest | Distance (miles) |
| Alliance | Arab, AL | 0 | 10 | 4 | 9 | 10 | 1 | 1 | 1 |
| APWU | Arab, AL | 0 | 30 | 1 | 4 | 30 | 3 | 3 | 1 |
| BCBS | Arab, AL | 0 | 10 | 7 | 22 | 10 | 1 | 1 | 1 |
| GEHA | Arab, AL | 0 | 10 | 6 | 7 | 10 | 1 | 1 | 1 |
| Mail Handlers | Arab, AL | 0 | 10 | 1 | 4 | 10 | 1 | 1 | 1 |
| NALC | Arab, AL | 0 | 20 | 1 | 2 | 20 | 2 | 2 | 1 |
| PBP | Albertville, Guntersville, AL | 25 | 25 | 5 | 8 | 25 | 1 | 1 | 1 |

| McCook, NE | | Population: 7,994 | | | | Providers Accepting Medicare: 24 | | | |
|--|------------------------------------|--------------------------------|------------------|--------------------------|--------------------------|----------------------------------|------------------|----------------|------------------|
| Nationwide Fee-For-Service (PPO) Plans and Location of Providers | | Distance to | | Primary Care | | Total | | Hospitals | |
| Plan | Location of Primary Care Providers | Primary Care Providers (miles) | Distance (miles) | Providers Within Nearest | Providers Within Nearest | Distance (miles) | Distance (miles) | Within Nearest | Distance (miles) |
| Alliance | Oberlin, KS | 40 | 40 | 3 | 11 | 60 | 1 | 1 | 1 |
| APWU | Colby, KS | 70 | 70 | 1 | 3 | 70 | 1 | 1 | 1 |
| BCBS | McCook, NE | 0 | 0 | 10 | 48 | 0 | 1 | 1 | 1 |
| GEHA | McCook, NE | 0 | 0 | 1 | 9 | 40 | 1 | 1 | 1 |
| Mail Handlers | Bird City, KS | 50 | 50 | 1 | 4 | 60 | 1 | 1 | 1 |
| NALC | Bird City, KS | 50 | 50 | 1 | 2 | 60 | 1 | 1 | 1 |
| PBP | Colby, KS | 100 | 100 | 6 | 10 | 25 | 1 | 1 | 1 |

Table 5. (continued) Availability of PPO Providers in Selected Communities

Population Category: 10,000-49,000

| Canton, MS | | Population: 12,911 | | | | Providers Accepting Medicare: 27 | | | |
|--|------------------------------------|--------------------------------|-------------------------------|--|-----------------------------------|-----------------------------------|-------------------------------|--|-----------------------------------|
| Nationwide Fee-For-Service (PPO) Plans and Location of Providers | | Distance to | | Primary Care | | Total | | Providers Accepting Medicare: 27 | |
| Plan | Location of Primary Care Providers | Primary Care Providers (miles) | Distance to Hospitals (miles) | Primary Care Providers Within Nearest Distance | Providers Within Nearest Distance | Hospitals Within Nearest Distance | Distance to Hospitals (miles) | Primary Care Providers Within Nearest Distance | Hospitals Within Nearest Distance |
| Alliance | Canton, MS | 0 | 50 | 2 | 4 | 2 | 50 | 2 | 2 |
| APWU | Canton, MS | 0 | 30 | 2 | 5 | 2 | 30 | 2 | 2 |
| BCBS | Canton, MS | 0 | 0 | 31 | 54 | 0 | 0 | 1 | 1 |
| GEHA | Canton, MS | 0 | 0 | 3 | 5 | 0 | 0 | 1 | 1 |
| Mail Handlers | Canton, MS | 0 | 0 | 2 | 5 | 0 | 0 | 1 | 1 |
| NALC | Canton, MS | 0 | 0 | 2 | 5 | 0 | 0 | 1 | 1 |
| PBP | Jackson, MS | 10 | 50 | 27 | 60 | 8 | 50 | 8 | 8 |

| Carthage, MO | | Population: 12,668 | | | | Providers Accepting Medicare: 38 | | | |
|--|------------------------------------|--------------------------------|-------------------------------|--|-----------------------------------|-----------------------------------|-------------------------------|--|-----------------------------------|
| Nationwide Fee-For-Service (PPO) Plans and Location of Providers | | Distance to | | Primary Care | | Total | | Providers Accepting Medicare: 38 | |
| Plan | Location of Primary Care Providers | Primary Care Providers (miles) | Distance to Hospitals (miles) | Primary Care Providers Within Nearest Distance | Providers Within Nearest Distance | Hospitals Within Nearest Distance | Distance to Hospitals (miles) | Primary Care Providers Within Nearest Distance | Hospitals Within Nearest Distance |
| Alliance | Carthage | 0 | 0 | 14 | 32 | 0 | 0 | 1 | 1 |
| APWU | Carthage | 0 | 0 | 11 | 28 | 0 | 0 | 1 | 1 |
| BCBS | Carthage | 0 | 0 | 9 | 36 | 0 | 0 | 1 | 1 |
| GEHA | Carthage | 0 | 0 | 9 | 22 | 0 | 0 | 1 | 1 |
| Mail Handlers | Carthage | 0 | 0 | 10 | 31 | 0 | 0 | 1 | 1 |
| NALC | Carthage | 0 | 0 | 10 | 30 | 0 | 0 | 1 | 1 |
| PBP | Carthage | 0 | 0 | 9 | 24 | 0 | 0 | 1 | 1 |

| Local and Regional Fee-For-Service (PPO) Plans and Location of Providers | | | | | | | | | |
|--|----------|---|----|---|-----|----|----|---|---|
| Blue Choice | Carthage | 0 | 0 | 7 | 24 | 0 | 0 | 1 | 1 |
| Coventry | Carthage | 0 | 0 | 6 | n/a | 0 | 0 | 1 | 1 |
| Mercy | Carthage | 0 | 40 | 7 | 24 | 40 | 40 | 1 | 1 |

| Hastings, NE | | Population: 24,064 | | | | Providers Accepting Medicare: 88 | | | |
|--|------------------------------------|--------------------------------|-------------------------------|--|-----------------------------------|-----------------------------------|-------------------------------|--|-----------------------------------|
| Nationwide Fee-For-Service (PPO) Plans and Location of Providers | | Distance to | | Primary Care | | Total | | Providers Accepting Medicare: 88 | |
| Plan | Location of Primary Care Providers | Primary Care Providers (miles) | Distance to Hospitals (miles) | Primary Care Providers Within Nearest Distance | Providers Within Nearest Distance | Hospitals Within Nearest Distance | Distance to Hospitals (miles) | Primary Care Providers Within Nearest Distance | Hospitals Within Nearest Distance |
| Alliance | Grand Island, NE | 30 | 30 | 1 | 22 | 1 | 30 | 1 | 1 |
| APWU | Hastings, NE | 0 | 30 | 1 | 7 | 1 | 30 | 1 | 1 |
| BCBS | Hastings, NE | 0 | 0 | 35 | >100 | 0 | 0 | 1 | 1 |
| GEHA | Hastings, NE | 0 | 50 | 1 | 7 | 4 | 50 | 4 | 4 |
| Mail Handlers | Hastings, NE | 0 | 30 | 2 | 8 | 3 | 30 | 3 | 3 |
| NALC | Hastings, NE | 0 | 30 | 1 | 4 | 3 | 30 | 3 | 3 |
| PBP | Belleville, KS; Beloit, KS | 100 | 50 | 2 | 15 | 3 | 50 | 3 | 3 |

| Rock Springs, WY | | Population: 18,708 | | | | Providers Accepting Medicare: 72 | | | |
|--|------------------------------------|--------------------------------|-------------------------------|--|-----------------------------------|-----------------------------------|-------------------------------|--|-----------------------------------|
| Nationwide Fee-For-Service (PPO) Plans and Location of Providers | | Distance to | | Primary Care | | Total | | Providers Accepting Medicare: 72 | |
| Plan | Location of Primary Care Providers | Primary Care Providers (miles) | Distance to Hospitals (miles) | Primary Care Providers Within Nearest Distance | Providers Within Nearest Distance | Hospitals Within Nearest Distance | Distance to Hospitals (miles) | Primary Care Providers Within Nearest Distance | Hospitals Within Nearest Distance |
| Alliance | Lyman, WY | 70 | 80 | 1 | 6 | 1 | 80 | 1 | 1 |
| APWU | Rock Springs, WY | 0 | 80 | 1 | 2 | 1 | 80 | 1 | 1 |
| BCBS | Rock Springs, WY | 0 | 0 | 13 | >100 | 0 | 0 | 1 | 1 |
| GEHA | Kemmerer, WY; Cokeville, WY | 100 | 100 | 23 | 39 | 2 | 100 | 2 | 2 |
| Mail Handlers | Rock Springs, WY | 0 | 80 | 1 | 3 | 1 | 80 | 1 | 1 |
| NALC | Rock Springs, WY | 0 | 80 | 3 | 4 | 1 | 80 | 1 | 1 |
| PBP | Rock Springs, WY | 100 | 100 | 0 | 1 | 1 | 100 | 1 | 1 |

Sources: Office of Personnel Management: <http://www.opm.gov>; Alliance Health Plan: <http://www.alliancehealthplan.com>; APWU Health Plan: <http://www.apwuhp.com>; Blue Cross and Blue Shield Service Plan: <http://www.fepblue.org>; GEHA Benefit Plan: <http://www.geha.com>; Mail Handlers: <http://www.firsthealth.com/ghp/servelet/GHPServlet>; NALC: <http://www.nalc.org/depart/hbp/Providers/FH/index.html>; PBP Health Plan: <http://www.postmasters.org/pbp.asp>; WINhealth: www.winhealthpartners.org; Healthnet AZ: www.az.health.net; BlueChoice: www.bcbsmo.com; Coventry: www.chckansas.com; Mercy: www.mercyhealthplans.com

Glossary and Notes

Nationwide Plans:

| | |
|---------------|---|
| Alliance | Alliance Health Plan |
| APWU | American Postal Workers Union Health Plan |
| BCBS | Blue Cross and Blue Shield Service Benefit Plat |
| GEHA | Government Employees Hospital Association Benefit Plan |
| Mail Handlers | Mail Handlers Benefit Plan |
| NALC | National Association of Letter Carriers Health Benefit Plan |
| PBP | Postmasters Benefits Plan |

Local Plans:

| | |
|--------------|--|
| BlueCHOICE | Blue Cross Blue Shield of Missouri BlueCHOICE Benefit Plan |
| WINhealth | WINhealth Partners (WY) |
| HealthNet AZ | Health Net of Arizona |
| Coventry | Coventry Health Care of Kansas |
| Mercy (MO) | Mercy Health Plans |

Notes to Table 4:

Copay (Co-payment): A fixed amount that the beneficiary pays to the provider, facility, or pharmacy when receiving services.

Deductible: A fixed amount of covered expenses that the beneficiary must incur for certain covered services and supplies before the plan starts paying benefits. Co-payments do not count toward any deductible.

Coinsurance: The percentage of the plan's allowance that the beneficiary must pay for care. Coinsurance does not begin until the beneficiary meets the deductible.

Notes to Table 5:

Plan: Type of Federal Employees Health Benefits Program plan

Location of Nearest Primary Care Providers: Nearest location from the selected community where enrollee could see a primary care provider

Distance to Nearest Primary Care Providers: Distance from the selected community to the nearest primary care provider, as stated by the plan

Primary Care Providers Within Nearest Distance: Number of primary care providers (including family practice, general practice, internal medicine, obstetrics & gynecology and pediatrics) who are within the

Total Providers: Number of all health care providers (including primary care providers) who are within the

Distance to Nearest Hospitals: Distance from the selected community to the nearest hospital

Hospitals Within Nearest Distance: Number of hospitals that are within the Distance to Nearest Hospitals

Methodology: Data on location of and distance to primary care providers was collected from the web sites for each of the plans. The Office of Personnel Management's web site (www.opm.gov) was used to learn which plans are available in each of the selected communities. Location and distance were obtained by conducting a search using the provider search engines on each of the plans' web sites. Provider search engines are available online for enrollees in health care plans so that they can locate primary care physicians and other providers in their network.

Policy Implications

While the FEHBP experience can inform discussions of Medicare policies, the comparison is not perfect. FEHBP enrollees may have favorable health status compared to the general population, both active workers and retirees (because federal workers are likely to be more educated and have higher incomes than the general population). Therefore, we can expect that the average health care costs of the FEHBP population will be lower (and less volatile) than the typical Medicare population. This comparison of populations could predict less desire to offer plans to Medicare beneficiaries than to federal employees, especially in rural areas. Conversely, to participate in the FEHBP, plans must offer open enrollment and accept the oversight of the OPM, including offering required benefits. Medicare policies might be different and conceivably more attractive. Prospects for attracting competing plans to offer drug benefits only may create unique markets.

The FEHBP is a government-sponsored system that makes multiple choices available everywhere in the U.S., but not necessarily viable. Therefore, any major revisions in Medicare that would require enrollment in competing plans to be successful would not succeed in all rural counties unless there were departures from the “pure” FEHBP model. Examples of such policy by exception exist in the two Medicare bills passed in the Senate and House in June 2003:

- The Senate bill would have the Secretary of HHS contract directly with a single health plan to provide prescription drug coverage in those places without voluntary entry by competing plans.
- The House bill would allow the Administrator to subsidize the risk associated with offering the prescription drug benefit until at least two plans would enter every market.

In addition to these “fallback” options, policies relying on competing plans need to consider another reality of the FEHBP experience in rural areas—the use of provider panels that do not include local primary care providers. The 2003 Medicare bills implicitly acknowledge this concern with these provisions:

- Both bills have provisions requiring that plans include pharmacies (excluding mail order) that are convenient to the beneficiary, with convenience defined in regulation.
- The Senate bill has a requirement that plans include a point-of-service option that allows beneficiaries to use any pharmacy, perhaps paying more out-of-pocket for those services.
- The House bill has an “any willing provider” provision requiring that plans accept any pharmacy into their panel that is willing to accept the plan’s terms.

The various provisions in the 2003 Medicare bills are an effort to overcome inherent problems with the “competitive model” in extending a prescription drug benefit to rural areas. Similar considerations would be needed in any broader application of the model to the balance of Medicare benefits. There are rural places in the U.S. where efforts to encourage a competitive marketplace in health insurance have not been successful, including FEHBP, Medicare+Choice, and commercial insurance. ***In places where the competing health plans are unlikely to ever emerge, any policy predicated on assumptions that competing plans will deliver health insurance benefits needs to have a “fallback” option that is guaranteed to work.***

¹For detailed information on the FEHBP, consult the OPM’s web site at: <http://www.opm.gov/insure/health/>. In addition, detailed information on the FEHBP can be found in the following publication: “The 2001 Guide to the Federal Employees Health Benefits Plans for Federal Civilian Employees,” U.S. Office of Personnel Management, November 2000, RI 70-1, Washington, DC: GPO.

²We selected communities from states that were used in a previous RUPRI Center publication, *Health Services at Risk in “Vulnerable” Rural Places (PB2002-5)*, available at www.rupri.org/healthpolicy. Anyone wishing to replicate this work for a different community can do so using the OPM and plan websites, per the methodology described in the Notes to Table 5.