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11TH DISTRICT, VIRGINIA

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MIDDLE EAST AND SOUTH ASIA

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-4611**

October 27, 2009

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The Honorable Stephen F. Lynch  
Chairman  
House Oversight Subcommittee on Federal Workforce, Postal Service, and the District of Columbia  
2157 RHOB  
Washington, D.C. 20515

Dear Chairman Lynch,

Thank you for your outstanding leadership of the House Oversight and Government Reform Subcommittee on the Federal Workforce, Postal Service and the District of Columbia. Already this year, the Subcommittee has reported several bills of importance to federal employees and held numerous hearings on timely topics such as the rising cost of prescription drugs under Federal Employee Health Benefits Plan (FEHBP).

As I know you and members of the Subcommittee are aware, pending changes in the Federal Long Term Care Insurance Program are of great concern to the 225,000 participating federal employees, particularly those who enrolled in the automatic compound inflation (ACI) option. When the contract for this service began seven years ago, the insurance consortium of Metropolitan Life and John Hancock Life & Health marketed two offerings: A "future purchase" option, in which benefits and premiums increase every two years, and the ACI option, in which a higher premium is paid for a 5 percent compounded increase in benefits each year without increasing premiums.

The Office of Personnel Management announced in May that a new seven-year contract has been signed with John Hancock as the sole provider. At the same time, OPM announced that the actuarial assumptions of the program were inaccurate and would result in premium increases of 5 to 25 percent for the 144,000 employees enrolled in the ACI option. According to OPM, as many as 133,000 beneficiaries will face the highest rate increase. Both OPM and the insurance companies now acknowledge that previous promotional materials misled federal employees to believe that enrolling in the ACI option would protect them from future premium increases. In fact, they suspected this might be the case as early as 2005, yet they did not adjust any of the promotional material provided to current or prospective enrollees.

I strongly urge the Subcommittee to investigate what if any steps are being taken to better protect the interests of federal employees so that they cannot be so grossly misled, either by OPM or a private insurer, in the future. The Subcommittee may also want to consider legislative steps to further protect federal employees. I respectfully request that you schedule a hearing on this issue and invite OPM, John Hancock, and federal employees who are victims of this unfortunate circumstance. Thank you for your consideration.

Sincerely,

  
Gerald E. Connolly

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