

**The original documents are located in Box D8, folder “Ford Press Releases - Insurance, 1972” of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.**

### **Copyright Notice**

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. The Council donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.



U. S. HOUSE  
OF REPRESENTATIVES

# REPUBLICAN POLICY COMMITTEE

REP. JOHN J. RHODES, (R.-ARIZ.) CHAIRMAN • 1616 LONGWORTH HOUSE OFFICE BUILDING • TELEPHONE 225-6168

10

92nd Congress  
Second Session

April 18, 1972  
Statement Number 4

## HOUSE REPUBLICAN POLICY COMMITTEE STATEMENT ON H. R. 12202,

### INCREASED GOVERNMENT CONTRIBUTION UNDER FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

The House Republican Policy Committee opposes the passage of H. R. 12202, which provides for increased Government contributions under the Federal Employees Health Benefits Program.

Existing Federal health insurance programs provide present and former Federal employees and their families substantial protection against the burdensome costs of medical services. Over two and one-half million employees and annuitants and five and one-half million dependents have received billions of dollars in health benefits.

Less than two years ago the Congress increased the Government's share of the cost of its employees' health insurance premiums. To assure that a continuing and fair proportion be contributed, a "40 percent of cost" formula was adopted. This level of contribution has proven eminently satisfactory and no justification for further increases has been demonstrated. H. R. 12202 would, however, increase the Government's contribution to 55 percent, beginning in 1972. There would be an additional increase of 5 percent each year thereafter until 1976, at which time 75 percent of premiums would then be paid by the Federal Government. The bill would allow former employees who retired prior to July, 1960, and who are now covered under the 1960 Retired Federal Employees Health Benefits Act, to elect coverage under more generous provisions. H. R. 12202 would, in addition, extend dependents'

coverage to unmarried children over age 22 who are full-time students and receive over one-half of their support from the Federal employee.

At present, the Federal Government is contributing \$575 million annually toward the health insurance costs of its employees. If H. R. 12202 is enacted, by fiscal year 1977, when its provisions are fully effective, the cumulative cost increase to the Government would be over \$2.5 billion. Under the existing 40 percent contribution formula, it is projected that, due to the increased number of employees and retirees to be included in the health benefits program, changes by the insureds from low to high option coverage and rises in medical charges, the Federal Government in fiscal year 1977 will be contributing \$942 million. H. R. 12202, if enacted, will require in fiscal year 1977 the Federal Government to contribute \$2.005 billion--an additional Federal outlay of \$1.063 billion. A proposed amendment to insure applicability of the provisions of H. R. 12202 to employees of the Postal Service would further increase the Federal contribution more than \$100 million annually and make meaningless the established collective bargaining processes of the reorganized postal system.

Most disappointing is the Democrat majority's willingness to ignore the spiral of devastating Federal deficits and their consequences to the economy.

An increased level of Government contribution under the Federal Employees Health Benefits Program is untimely, unjustified and irresponsible. The House Republican Policy Committee urges the rejection of H. R. 12202.