U.S. OFFICE OF PERSONNEL MANAGEMENT
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Final Data Brief

Evaluation of Top Federal Employees Health Benefits Program Medical Conditions by Premium Expenditure During Contract Years 2019 Through 2021

Report Number 2023-CAAG-026
August 5, 2025

EXECUTIVE SUMMARY

Evaluation of Top Federal Employees Health Benefits Program
Medical Conditions by Premium Expenditure During Contract Years 2019 Through 2021

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Why Did We Conduct the Evaluation?

The Federal Employees Health Benefits Program (FEHBP) provides health care coverage to more than 8 million federal employees, eligible dependents, and retirees. This evaluation was conducted to analyze the top medical and pharmacy categories on which the FEHBP spent the largest amount of premium dollars during contract years 2019 through 2021. We plan to use the results of this evaluation to focus future efforts on topics related to high-cost conditions.

What Did We Evaluate?

We analyzed health insurance claims data from two carriers to determine the conditions on which the FEHBP spent the most money in contract years 2019 through 2021. Additionally, we surveyed 47 FEHBP health insurance carriers about their category tracking practices. We also reviewed carrier letters and other guidance issued to FEHBP carriers by the U.S. Office of Personnel Management (OPM).

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What Did We Find?

The results of our claims data analysis indicated that the top spending categories in the FEHBP for the years 2019–2021 included the following categories:

Category	Amount Spent	Percent of Total Spending
Cancer	$13,224,550,104	10%
Endocrine/Metabolic Diseases	$11,795,245,755	9%
Immunological Agents	$11,764,898,096	9%
Factors Influencing Health Status	$11,017,278,563	8%
Musculoskeletal Systems Disorders	$10,883,590,201	8%
Diseases of the Circulatory System	$10,581,019,025	8%

In addition, our survey data indicated that most FEHBP carriers track spending categories in some way, though less than a third are sharing that data with OPM on a regular basis.

ABBREVIATIONS AND DEFINITIONS

ABBREVIATIONS	
AHRQ	Agency for Healthcare Research and Quality
Carrier	Health Insurance Carrier
COVID-19	Coronavirus Disease 2019
FEHBP	Federal Employees Health Benefits Program
ICD-10-CM	International Classification of Diseases, Tenth Revision, Clinical Modification
NDC	National Drug Code
OPM	U.S. Office of Personnel Management
OPM HI	U.S. Office of Personnel Management's Healthcare and Insurance Office

DEFINITIONS	
Carrier or Health Insurance Carrier	Another name for a health insurance company; the term "carrier" is used interchangeably.
Carrier Letter	Instructions or guidance issued by OPM to contracted FEHBP health insurance carriers.

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I. BACKGROUND

The U.S. Office of Personnel Management's Healthcare and Insurance office (OPM HI) maintains numerous health insurance carrier contracts throughout the country, offering a variety of health plans, to provide health care benefits to more than 8 million federal employees, eligible dependents, and retirees through the Federal Employees Health Benefits Program (FEHBP). Contracted FEHBP carriers process and pay health care claims, provide customer service and access to health care providers and hospitals, and deliver other health care related services and benefits.

OPM HI previously expressed interest in evaluations conducted by the Office of the Inspector General (OIG) that would analyze how FEHBP dollars are being spent. As such, we conducted this evaluation to determine which medical conditions and pharmacy drugs the FEHBP spent the most money on during the contract years 2019 to 2021.

Although the OIG's data warehouse modernization efforts and staffing resource constraints delayed the completion and publication of these results, the categorization work we completed during this evaluation will expedite similar analyses in the future. In addition to sharing this information with our stakeholders, we also intend to use the results of this evaluation to focus future evaluation efforts on topics related to high-cost medical conditions or drug spending.

During the planning and research phase of this evaluation, we surveyed 47 carriers and received responses from 44. According to the responses, about three-fourths of the carriers track FEHBP spending by categories in some way, including pharmacy spending. However, not all the carriers that track FEHBP spending do so on a regular basis. The respondents who track FEHBP expenditures use the data for case management, benefit changes, member premiums and rates, assessing utilization trends, member education, assessing fraud and waste, assisting with investigations, and reviewing authorization requirements. Only 12 out of 44 carriers stated that they share the data with OPM at least annually, with the majority sharing the data only when OPM requests it. This data brief aims to provide insight into health care spending that OPM is not receiving on a regular basis from the carriers.

II. SCOPE, METHODOLOGY, AND LIMITATIONS

SCOPE

On a monthly basis, the OPM OIG receives health benefits claims data files from several FEHBP carriers and places the files in an internal data warehouse. For the purposes of this evaluation, we chose claims data from two carriers based on data availability and reliability. The table below shows the total number of individuals enrolled in the FEHBP (all carriers), as well as the number and the percentage of members covered by the data used for this evaluation.

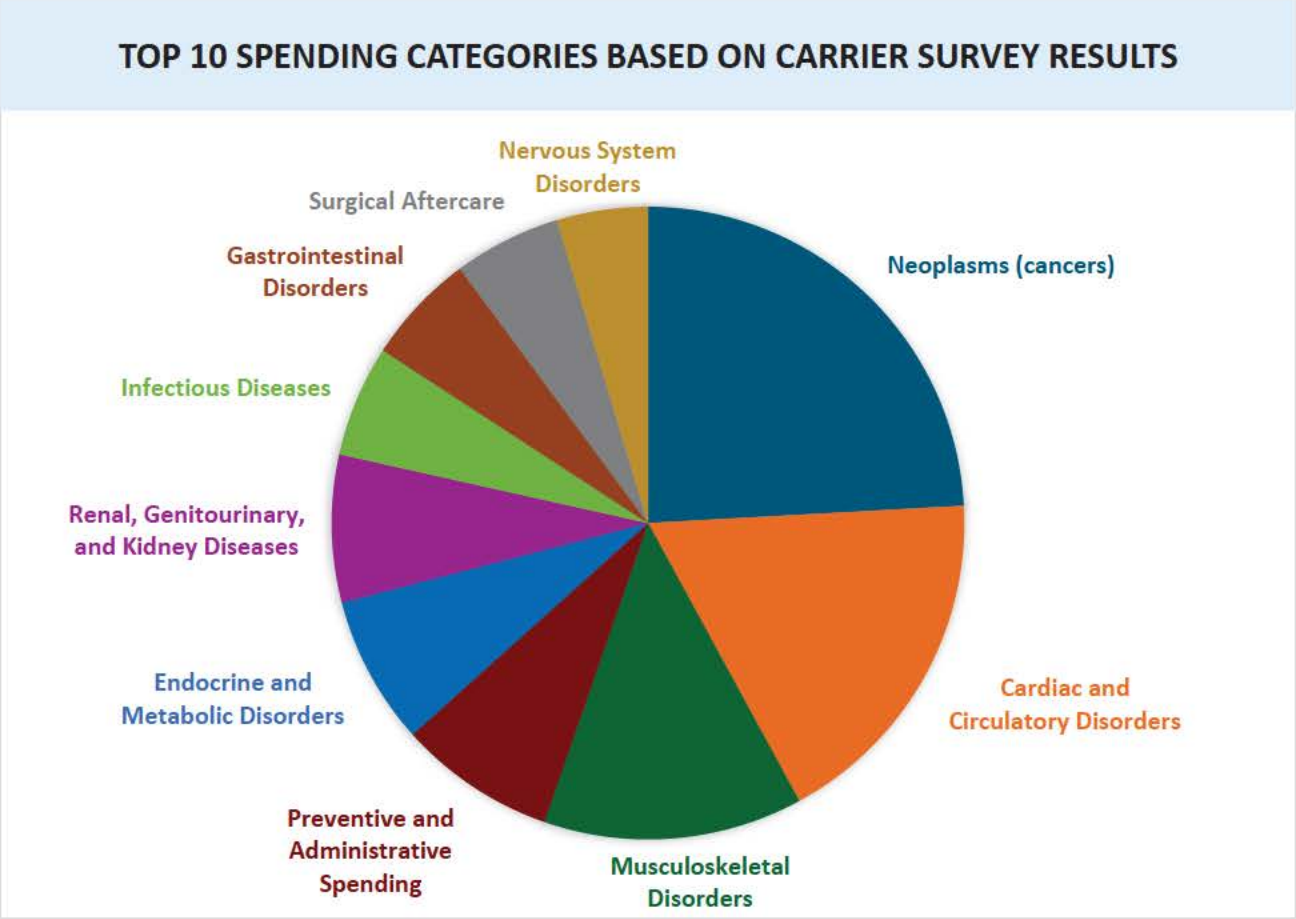
Year	Total FEHBP Enrolled Members	Enrolled Members in Scope	Percent of Members Covered by Scope
2019	8,238,813	6,254,857	75.92%
2020	8,256,530	6,346,698	76.87%
2021	8,270,799	6,406,735	77.46%

Using this data, we analyzed medical and pharmacy claims data from contract years 2019 to 2021. In addition to our analysis of this subset of data, we also surveyed all carriers about their expenditures.

CARRIER SURVEY METHODOLOGY

Carriers track their own expenditures using a wide variety of clinical classifications, categories, and grouping methods. Therefore, to aggregate the data provided by carriers in their responses to our survey, we determined more broad, standardized categories to summarize the overall survey results. We then assigned each carrier-reported category and its associated expenditures to our standardized categories wherever possible. Finally, we sorted the results by dollars spent to determine the top 10 standardized categories, shown in the pie chart on the next page.

The categories from the survey results differ from those in the Executive Summary table. This is due to differences in the tracking and categorization methods of individual carriers and the methodology we used to categorize our internal warehouse data. (For example, some carriers' survey responses may have been based on medical costs only, excluding prescription drug costs, which were included in our data warehouse analysis.)



As shown in the chart above, the top spending categories reported by the carriers are neoplasms (cancers), cardiac and circulatory diseases, and musculoskeletal disorders. These three categories accounted for 44 percent of total spending from 2019–2021, with a total dollar amount spent of just over $11 billion.[1]

CLAIMS DATA ANALYSIS METHODOLOGY

After identifying our claims universe, we used industry-standard data analysis tools to aggregate the medical and pharmacy data as follows:

MEDICAL: We analyzed the FEHBP medical datasets by using the Agency for Healthcare Research and Quality (AHRQ) Healthcare Cost and Utilization Project Clinical Classifications Software Refined for International Classification of Diseases v2023.1, which aggregates International Classification of Diseases, Tenth Revision, Clinical Modification (ICD-10-CM) diagnosis codes into over 530 clinical categories across 22 body systems. We also used AHRQ Healthcare Cost and Utilization Project Chronic Condition Indicator Refined for International Classification of Diseases v2023.1, which aggregates ICD-10-CM diagnosis codes into one of

[1] Note that the pie chart was limited to the top 10 categories for legibility. There were 14 survey categories, with a total amount spent of $25.6 billion.

three condition categories, to categorize the 2019 through 2021 FEHBP medical and hospital claims data into structured categories.

We used additional industry-standard data analysis tools to join the medical data with the Clinical Classifications Software Refined body systems category and Chronic Condition Indicator Refined conditions category lists and performed data queries on the FEHBP medical datasets to aggregate the data into smaller datasets for further data analysis.

We analyzed the FEHBP medical datasets by using pivot tables to aggregate the data by body system categories, body system categories with chronic indicator designation, as well as by body system categorization by year.

PHARMACY: We analyzed the FEHBP pharmacy datasets by using the National Drug Codes (NDCs), drug classes and subclasses, descriptions, and generic names. One generic drug may have many NDCs, representing different doses and forms. Therefore, we created a standardized generic name field to aggregate all NDCs for one drug. Additionally, many drugs were listed under multiple drug classes and/or sub classes. Therefore, we reviewed the mechanisms of the drugs to determine the primary physiological effect, which enabled us to determine the primary drug class and sub class. Our analysis does not account for off-label or secondary uses.

Once all NDCs were categorized and naming conventions standardized, we used industry standard data analysis tools to obtain our claim counts and ran queries to aggregate the yearly FEHBP pharmacy expenditures by individual NDCs. We then joined these results with the categorization list we had made in the prior step and used pivot tables to aggregate the data by drug class and sub class, standardized generic name, and brand name.

MEDICAL AND PHARMACY: Once FEHBP medical and pharmacy expenditures were categorized separately, we aggregated the medical and pharmacy spending data, where we could, to reflect total combined FEHBP spending for health-related categories for years 2019-2021.

We were able to aggregate a portion of the FEHBP pharmacy spending by drug class to specific medical body system categories. However, we were unable to aggregate all pharmacy drug classes to medical categories. We could not determine which drug classes fit with approximately half of the medical body systems; therefore, we reported those body system category spending amounts and the leftover pharmacy drug class spending separately as unique categories. See the Research Results section below for more details.

LIMITATIONS

The nature of the data used for analysis in this evaluation resulted in several limitations. First, as mentioned above, we categorized the pharmacy claims data using the primary physiological effect of the drug. This means that our analysis does not account for any off-label or secondary uses. Second, FEHBP spending is affected by two types of drug rebates: those that happen at the

point of sale and those that are processed after the point of sale in separate transactions. The data analyzed for this evaluation only accounts for those rebates occurring at the point of sale. Our research results section does include an overview of total drug rebate numbers. However, given the data available to us, we were unable to apply these rebates to specific drugs/drug classes and therefore these rebates are not accounted for in the figures listed in the drug categorization tables. Finally, it is important to note that the FEHBP, unlike many employer-sponsored health insurance programs, does provide coverage for annuitants. It is possible that the amount spent on certain medical and drug categories may be affected by this inclusion. We do not intend to make any comparisons between the FEHBP and other insurance programs, nor do we suggest that readers of this data brief do so themselves.

Three-fourths of FEHBP carriers track spending by categories, but less than one-third of carriers share this data with OPM on a regular basis.

III. RESEARCH RESULTS

MEDICAL DATA ANALYSIS RESULTS

Total Medical Claims Spending by AHRQ Category

The carriers in the scope of this evaluation paid $88.6 billion for medical and hospital services from 2019–2021.

Our analysis determined that the total amount spent during this evaluation's scope on medical and hospital care (excluding pharmacy) was $88.6 billion, with the top 10 AHRQ body system categories accounting for $69 billion, or 78 percent, of that spending.

The top two AHRQ body system categories accounted for approximately $11 billion each. Overall, the top 10 categories generally align with our expectations, and their associated spending is as follows:

Total Medical Claims Spending by AHRQ Category			
Rank	AHRQ Body System Categorization	Amount Paid 2019-2021	Percent of Total
1	Factors influencing health status[2]	$11,017,278,563	12.43%
2	Diseases of the musculoskeletal system and connective tissue	$10,722,583,286	12.10%
3	Diseases of the circulatory system	$8,774,921,396	9.90%
4	Neoplasms	$8,518,681,546	9.61%
5	Diseases of the digestive system	$5,689,326,815	6.42%
6	Injury, poisoning and certain other consequences of external causes	$5,585,435,863	6.30%
7	Symptoms and abnormal clinical/lab findings	$5,575,613,539	6.29%
8	Diseases of the genitourinary system	$5,178,891,922	5.84%
9	Diseases of the nervous system	$4,010,735,696	4.53%
10	Mental, behavioral, and neurodevelopmental disorders	$4,000,319,181	4.51%
	Top 10 Total	**$69,073,787,807**	**78%**

Total Medical Claims Spending by Chronic Indicator Designation and AHRQ Category

Spending on chronic conditions accounted for 46 percent of total medical spending.

We analyzed the FEHBP data by chronic indicator designation and AHRQ body system category. A "chronic" condition is defined as conditions lasting 12 months or longer, with the condition resulting in the need for ongoing intervention with medical products, treatment, services, and special equipment; and the condition places limitations on self-care, independent living and social interactions. Our

[2] The "factors influencing health status" category includes ICD-10-CM codes that do not definitively indicate the presence of a condition or disorder and can include services such as surgical aftercare, organ transplant status, or tobacco use.

analysis determined that $41 billion, or 46 percent, of the total medical spending was spent on conditions considered chronic. The top 10 spending categories make up 93 percent of the spending for these conditions – approximately $38 billion of the $41 billion spent. Of this $38 billion, the top three chronic condition categories accounted for over $6.7 billion each, with neoplasms as the top chronic spending category, followed by diseases of the musculoskeletal system, and diseases of the circulatory system. See the chart below for a summary of the top 10 AHRQ body system categories for chronic condition spending.

Total Medical Claims Spending on Chronic Conditions by AHRQ Category			
Rank	AHRQ Body System Categorization	Amount Paid for Chronic Conditions	Percent of Total Chronic Spending
1	Neoplasms	$6,920,942,785	16.86%
2	Diseases of the musculoskeletal system and connective tissue	$6,817,256,036	16.61%
3	Diseases of the circulatory system	$6,711,434,037	16.35%
4	Diseases of the nervous system	$3,346,272,196	8.15%
5	Mental, behavioral, and neurodevelopmental disorders	$3,221,620,087	7.85%
6	Diseases of the genitourinary system	$2,969,362,739	7.23%
7	Endocrine, nutritional and metabolic diseases	$2,929,812,100	7.14%
8	Diseases of the digestive system	$2,412,369,386	5.88%
9	Diseases of the respiratory system	$1,347,556,496	3.28%
10	Diseases of the eye and adnexa	$1,303,587,653	3.18%
	Top 10 Total	**$37,980,213,515**	**93%**

Total Medical Claims Spending by Year and AHRQ Category

To track how spending changed from 2019 to 2021, we analyzed the data year to year. Our analysis determined that the grand total spent each year in our scope was approximately the same: about $30 billion per year. The top 10 categories for each year also remained relatively unchanged, accounting for around $23 billion, or 78 percent of total spending for the year. We noted that most of the AHRQ categories had a slight decrease in spending from 2019 to 2020. However, we noted that the "certain infectious and parasitic diseases" category had a significant increase, over 93 percent, from 2019 to 2020 and increased again, over 27 percent, from 2020 to 2021. Additionally, we noted a decrease of over 19 percent in diseases of the respiratory system from 2019 to 2020. We attribute the increase in the infectious diseases category and the decrease in respiratory diseases category to the Coronavirus Disease 2019 (COVID-19) pandemic, which began approximately December 2019 and ended approximately May 2023. The Centers for Disease Controls and Prevention announced several different ICD-10-CM coding changes related to the pandemic in 2020 and 2021. Primarily, the new ICD-10-CM code U07.1, COVID-19, was made

The total medical spending for each year in our scope remained relatively steady, with categorical changes mainly revolving around the COVID-19 pandemic.

effective on April 1, 2020. This diagnosis code falls into the AHRQ body system category of "certain infectious and parasitic diseases." Therefore, around this time, we observed a significant increase in this category and a decrease in respiratory diseases, which we suspect may have included some COVID-19 spending prior to the new ICD-10-CM code going into effect.

As with the other analyses, the top spending categories for each year were body system categories we would expect to see at the top of this list. The FEHBP spending by AHRQ body system and year is as follows:

Total Medical Claims Spending by AHRQ Category and Year

AHRQ Body System Categorization	2019 Amount Paid	Percent of 2019 Total	2020 Amount Paid	Percent of 2020 Total	2021 Amount Paid	Percent of 2021 Total
Factors influencing health status	$3,420,983,782	11.58%	$3,594,904,115	12.57%	$4,001,390,666	13.13%
Diseases of the musculoskeletal system and connective tissue	$3,706,977,811	12.55%	$3,410,912,565	11.92%	$3,604,692,910	11.83%
Diseases of the circulatory system	$3,042,849,879	10.30%	$2,770,257,757	9.68%	$2,961,813,760	9.72%
Neoplasms	$2,860,792,512	9.68%	$2,798,158,329	9.78%	$2,859,730,704	9.38%
Diseases of the digestive system	$1,954,964,453	6.62%	$1,824,939,566	6.38%	$1,909,422,797	6.27%
Symptoms and abnormal clinical/lab findings, not elsewhere classified	$1,916,798,546	6.49%	$1,754,757,917	6.13%	$1,904,057,076	6.25%
Injury, poisoning and certain other consequences of external causes	$1,900,067,343	6.43%	$1,800,780,847	6.30%	$1,884,587,673	6.18%
Diseases of the genitourinary system	$1,781,036,859	6.03%	$1,672,740,640	5.85%	$1,725,114,424	5.66%
Mental, behavioral, and neurodevelopmental disorders	$1,248,033,926	4.22%	$1,320,931,671	4.62%	$1,431,353,585	4.70%
Certain infectious and parasitic diseases	$564,974,725	1.91%	$1,091,083,744	3.81%	$1,386,928,498	4.55%
Diseases of the nervous system	$1,365,249,018	4.62%	$1,283,896,130	4.49%	$1,361,590,549	4.47%

Total Medical Claims Spending by AHRQ Category and Year						
AHRQ Body System Categorization	2019 Amount Paid	Percent of 2019 Total	2020 Amount Paid	Percent of 2020 Total	2021 Amount Paid	Percent of 2021 Total
Endocrine, nutritional and metabolic diseases	$1,081,407,573	3.66%	$1,037,247,425	3.63%	$1,138,004,510	3.73%
Diseases of the respiratory system	$1,269,558,291	4.30%	$1,021,982,125	3.57%	$968,463,072	3.18%
Pregnancy, childbirth, and the puerperium	$947,306,309	3.21%	$944,501,398	3.30%	$928,116,299	3.05%
Diseases of the eye and adnexa	$610,625,326	2.07%	$533,472,359	1.86%	$592,541,020	1.94%
Diseases of the skin and subcutaneous tissue	$439,236,784	1.49%	$397,128,402	1.39%	$426,062,183	1.40%
Certain conditions originating in the perinatal period	$417,110,975	1.41%	$393,952,510	1.38%	$413,855,379	1.36%
Diseases of the blood and blood-forming organs	$406,023,959	1.37%	$390,753,068	1.37%	$405,036,563	1.33%
Diseases of the ear and mastoid process	$367,522,233	1.24%	$323,371,590	1.13%	$322,531,287	1.06%
Congenital malformations, deformations, and chromosomal abnormalities	$241,272,322	0.82%	$231,001,510	0.81%	$240,887,958	0.79%
Dental diseases	$3,874	0.00%	$4,824,364	0.02%	$4,432,895	0.01%
External causes of morbidity	$40,421	0.00%	$3,018,342	0.01%	$3,040,717	0.01%
Grand Total	**$29,542,836,921**	**100%**	**$28,604,616,374**	**100%**	**$30,473,654,525**	**100%**

PHARMACY DATA ANALYSIS RESULTS

Pharmacy Spending Aggregated by Drug Class

The FEHBP pharmacy claims data for 2019 to 2021 included 20 drug classes, as listed in the table below.

Drug Class Spending			
Rank	Drug Sub Class	Total Spending	Percent of Total Spending
1	Immunological agents	$13,035,267,567	30.90%
2	Metabolic agents	$6,912,838,147	16.39%
3	Antineoplastics	$4,705,162,333	11.15%
4	Central nervous system agents	$2,563,499,278	6.08%
5	Hormones	$2,331,614,021	5.53%
6	Coagulation modifiers	$2,124,397,115	5.04%
7	Anti-infectives	$2,099,321,326	4.98%
8	Cardiovascular agents	$1,806,805,885	4.28%
9	Respiratory agents	$1,777,224,663	4.21%
10	Miscellaneous agents	$1,474,346,167	3.49%
11	Gastrointestinal agents	$904,804,309	2.14%
12	Topical agents	$844,397,164	2.00%
13	Psychotherapeutic agents	$770,468,076	1.83%
14	Genitourinary tract agents	$445,389,751	1.06%
15	Miscellaneous medical devices	$251,371,727	0.60%
16	Nutritional products	$108,681,680	0.26%
17	Alternative medicines	$15,611,892	0.04%
18	Biologicals	$13,658,201	0.03%
19	Allergenics	$ 1,406,774	0.00%
20	Radiologic agents	$20,290	0.00%
	Top 20 Total	**$42,186,286,366**	**100.00%**

The top three drug classes in terms of total spending were immunological agents, metabolic agents, and antineoplastics. Immunological agents include drugs that suppress the immune system to prevent the body from rejecting transplanted organs or to treat autoimmune disorders such as rheumatoid arthritis, lupus, and multiple sclerosis. The metabolic agents class primarily accounts for antidiabetic drugs and antineoplastics are drugs used to treat cancer. While these three drug classes only accounted for 15 percent of all drug classes listed in the data, they accounted for over 58 percent of all pharmacy spending between 2019 and 2021.

Drugs used to treat autoimmune disorders, metabolic disorders, and cancer accounted for nearly 60 percent of total drug spending.

Pharmacy Spending Aggregated by Drug Sub Class

The FEHBP pharmacy claims data for 2019 to 2021 includes over 200 unique drug sub classes. The top 20 drug sub classes, listed in the table below, account for over 75 percent of all pharmacy spending between 2019 and 2021.

Top 20 Drug Sub Classes			
Rank	Drug Sub Class	Total Spending	Percent of Total Spending
1	Immunosuppressive agents	$11,548,665,711	27.38%
2	Antidiabetic agents	$5,216,596,219	12.37%
3	Anticoagulants	$1,471,649,957	3.49%
4	Bronchodilators	$1,407,151,117	3.34%
5	Antiviral agents	$1,306,386,909	3.10%
6	Immunostimulants	$1,261,397,495	2.99%
7	Miscellaneous antineoplastics	$1,199,336,780	2.84%
8	Multikinase inhibitors	$1,041,708,514	2.47%
9	Antirheumatics	$1,033,243,710	2.45%
10	BCR-ABL tyrosine kinase inhibitors	$981,024,781	2.33%
11	Sex hormones	$662,643,487	1.57%
12	Antihyperlipidemic agents	$640,220,839	1.52%
13	Analgesics	$607,479,510	1.44%
14	CDK 4/6 inhibitors	$567,091,562	1.34%
15	Anticonvulsants	$556,648,149	1.32%
16	Antiandrogens	$542,599,695	1.29%
17	CNS stimulants	$522,711,792	1.24%
18	Ophthalmic preparations	$437,122,854	1.04%
19	CFTR combinations	$432,362,082	1.02%
20	Antidepressants	$412,027,882	0.98%
	Top 20 Total	**$31,848,069,045**	**75.52%**

Pharmacy Spending Aggregated by Standardized Generic Name

The FEHBP pharmacy claims data for 2019 to 2021 includes nearly 2,000 unique standardized generic names. The top 20 standardized generic names, listed in the table below, account for over 39 percent of all pharmacy spending. Adalimumab, used to treat various inflammatory conditions such as rheumatoid arthritis, psoriasis, Crohn's disease, and ulcerative colitis, was by far the drug with the highest spending from 2019 to 2021.

Top 20 Drugs by Standardized Generic Name				
Rank	Standardized Generic Name	Brand Name[3]	Total Spending	Percent of Total Spending
1	Adalimumab	Humira, Amjevita, Yusimry, Cyltezo, Yuflyma, Hadlima, Hulio, Hyrimoz, Idacio, Abrilada, Simlandi	$3,627,696,127	8.60%
2	Insulin	Multiple types of insulin with multiple Brand Names	$1,817,147,607	4.31%
3	Ustekinumab	Imuldosa, Otulfi, Pyzchiva, Selarsdi, Stelara, Yesintek, Wezlana	$1,338,761,103	3.17%
4	Etanercept	Enbrel	$1,011,170,033	2.40%
5	Apixaban	Eliquis	$917,179,267	2.17%
6	Lenalidomide	Revlimid	$889,800,588	2.11%
7	Dulaglutide	Trulicity	$665,082,430	1.58%
8	Dupilumab	Dupixent	$656,194,697	1.56%
9	Secukinumab	Cosentyx	$624,882,649	1.48%
10	Semaglutide	Ozempic, Wegovy, Rybelsus	$601,953,431	1.43%
11	Empagliflozin	Jardiance	$491,351,466	1.16%
12	Ibrutinib	Imbruvica	$486,175,838	1.15%
13	Ixekizumab	Taltz	$469,603,731	1.11%
14	Rivaroxaban	Xarelto	$464,985,685	1.10%
15	Sitagliptin	Januvia, Zituvio	$457,602,903	1.08%
16	Palbociclib	Ibrance	$443,313,574	1.05%
17	Liraglutide	Saxenda, Victoza	$424,404,539	1.01%
18	Teriflunomide	Aubagio	$419,142,135	0.99%
19	Apremilast	Otezla	$403,811,719	0.96%
20	Enzalutamide	Xtandi	$397,955,697	0.94%
		Top 20 Total	**$16,608,215,219**	**39.37%**

Drug Rebates

As mentioned above in the limitations section of this data brief, data limitations did not allow us to apply post-point-of-sale drug rebates to specific drugs/drug classes and therefore these rebates are not accounted for in the figures listed in the drug categorization tables above.

Pharmacy Rebates Not Applied at Point of Sale			
2019	**2020**	**2021**	**Total**
$1,864,400,334	$2,251,874,921	$3,110,787,462	$7,227,062,717

[3] Brand names were included to help the reader identify which drug was being discussed as generic names are not as well known. The inclusion of brand names does not indicate nor assume that any FEHB spending was spent on that actual brand name. The inclusion is merely for reference.

As noted above, the total pharmacy spending in our scope was $42 billion. Therefore, the $7 billion in drug rebates unaccounted for in our analysis would reduce these reported numbers by 17 percent. We would like to recognize that this is a significant proportion, and this limitation does have the potential to affect the above rankings of certain drug classes, sub classes, and generic names. However, our reviews in this area indicated that FEHBP drug spending is in line with nationwide trends. Compared to a nationwide study, only one top 10 drug in the FEHBP, Lenalidomide, was not found in the top 25 nationwide.[4]

COMBINED MEDICAL AND PHARMACY DATA ANALYSIS RESULTS

After the medical and pharmacy data analyses were complete, we combined the results to gain an overall picture of spending in the FEHBP. As mentioned above, the subset of the FEHBP we analyzed spent approximately $89 billion on medical and hospital services and approximately $42 billion on drugs from 2019–2021. In total, this adds up to $131 billion spent on medical care from 2019–2021.

Once medical and pharmacy expenditures were categorized separately, we aggregated the data where we could, to reflect total combined spending for health-related categories. An example of this aggregation is the health category of "cancer." We aggregated the medical/hospital category of neoplasms and the drug category of antineoplastics to reflect the overall spending on cancer-related services and supplies. We were able to aggregate about 67 percent of FEHBP spending between 2019–2021. However, there were some medical and drug categories that could not reasonably be combined. For example, "nutritional products" is a drug category that does not fit into a body system category as listed above.

After completing this combined analysis, the top spending categories included:

Category	Medical or Pharmacy	Amount Spent	Percent of Total Spending
Cancer	Combined	$13,224,550,104	10%
Endocrine/metabolic diseases	Combined	$11,795,245,755	9%
Immunological agents	Pharmacy	$11,764,898,096	9%
Factors influencing health status	Medical	$11,017,278,563	8%
Musculoskeletal systems disorders	Combined	$10,883,590,201	8%
Diseases of the circulatory system	Combined	$10,581,019,025	8%

[4] https://pmc.ncbi.nlm.nih.gov/articles/PMC9383648/table/T3/#T3Fn1

OPM TRACKING AND MANAGEMENT OF TOP FEHBP EXPENDITURES

Once we gathered our survey and data analysis results, we met with OPM HI to share our findings and to give them an opportunity to share their perspective on the topic. Below is a summary of the discussion at this meeting and our additional research regarding OPM HI's efforts to track FEHBP spending.

Pharmacy Data: OPM HI receives pharmacy spending data aggregated at the drug level from FEHBP carriers annually, 6 months after the end of each plan year. OPM HI stated that the delay in receiving this data limits its practical uses. However, it does use this data to analyze trends in utilization and manufacturer payments and rebates and how new drugs coming to market affect drug spending patterns. Additionally, if they issued a carrier letter related to certain drug categories, they will monitor cost and utilization trends seen in the following years. However, they do not issue new carrier letters based on their analysis of this data.

The Consolidated Appropriations Act of 2021 requires health plans to submit drug spending data to the U.S. Centers for Medicare and Medicaid Services on behalf of several agencies, including OPM. The U.S. Department of Health and Human Services uses this data to compile a report to Congress; the inaugural report, for data years 2020–21, was published in November 2024.[5] OPM HI told us that these data files provide information based on nationwide commercial drug spending and aggregate the data at a very high level. Both factors limit the practical use of the data for OPM HI. Since the report was published for the first time less than a month before our meeting, OPM HI will certainly need additional time to analyze and possibly utilize the data. OPM HI did state that if the funding for this initiative continues, there may be opportunities to utilize this data in the future.

Medical Data: OPM HI does not solicit FEHBP expenditure data for non-pharmacy spending. They therefore cannot determine areas of large expenditure.

CONCLUSION

The purpose of this evaluation was to identify the medical and pharmacy categories incurring the most premium spend during contract years 2019 through 2021. The identified categories included cancer, endocrine/metabolic diseases such as diabetes, preventive care, musculoskeletal disorders, and diseases of the circulatory system. In addition to sharing this information with our stakeholders via this data brief, we will also utilize the insights gleaned from our analysis to focus future evaluation efforts around the quality of care being afforded to FEHBP members and ensure that premium dollars are properly spent to provide that care.

[5] https://aspe.hhs.gov/sites/default/files/documents/91cec91387cd81ca1db5ba5cc5916a19/nsa-drug-pricing-rtc.pdf

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