



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

December 22, 2004

**S. 2657**

**Federal Employee Dental and Vision Benefits Enhancement Act of 2004**

*As cleared by the Congress on December 6, 2004*

S. 2657 would establish a voluntary program under which federal civilian employees and annuitants would be able to purchase supplemental insurance coverage for vision and dental care. The coverage authorized under the act would be available regardless of whether eligible individuals are enrolled in the Federal Employees Health Benefits (FEHB) program. (Plans currently participating in the FEHB program may offer enrollees coverage for dental or vision services, although such coverage is often limited.)

Although the federal government would not contribute toward enrollees' premiums for the benefit, the Office of Personnel Management (OPM) would incur costs to implement and administer the program. CBO estimates that implementing S. 2657 would increase direct spending by OPM for its administrative expenses by about \$1 million in fiscal year 2005. The act would authorize any administrative expenses incurred by OPM to be paid from the federal government's Employees Health Benefits Fund.

The act would require companies providing the vision and dental benefit to reimburse OPM for its future administrative expenses after the first contract year begins. CBO expects that contracts would be awarded during the last quarter of fiscal year 2005 in anticipation of coverage beginning at the start of calendar year 2006. We assume that companies would begin to reimburse OPM for its administrative costs once contracts are signed.

Based on information provided by OPM, CBO estimates that start-up costs in fiscal year 2005 would amount to about \$1 million. In future years, CBO expects that reimbursements from qualifying companies generally would cover OPM's costs to administer the program, so net federal outlays would be zero after the first year. S. 2657 would not affect federal revenues.

The CBO staff contact for this estimate is Julia Christensen. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.