FEHB Program Carrier Letter Experience-rated Carriers

U.S. Office of Personnel Management Office of Insurance Programs

Letter No. 2002-10 Date: March 1, 2002

Fee-for-service [10] Experience-rated HMO [10] Community-rated HMO [n/a]

SUBJECT: Accelerated Timeframes for Financial Statement Reporting

As we have previously discussed with you, the Office of Management and Budget (OMB) will significantly accelerate the timeframes for the submission of our annual consolidated financial statements for the Federal Employees Health Benefits Program (FEHB). OMB's requirements are included in OMB Bulletin Number 01-09 issued on September 25, 2001 and in a December 21, 2001 letter, titled Future External Reporting Changes (see OMB web page located at http://www.whitehouse.gov/omb/financial/index.html). Accordingly, we will need to expedite the due dates by which you must submit audited information on your FEHB activity to us. To assist us in this regard, we had requested your input on feasible changes to the annual reporting process and received many helpful suggestions.

As a next step, we will conduct a meeting to discuss OMB's accelerated timeframes. The meeting is open to all experience-rated carrier officials and their independent public accountants (IPA), but will be primarily for those carriers that use or plan to use Options 1 or 2 under the FEHB Experienced-Rated Carrier and Service Organization Audit Guide ("ERC Audit Guide"). I have attached an agenda and schedule of accelerated reporting requirements for your information. At the meeting, we will present the OMB requirements, some of our preliminary conclusions on how we might meet them, and solicit your views and ideas. The meeting will be held:

When: March 20, 2002 9:00 to 11:30 PM

Where:

OPM Building
1900 E Street, NW
Washington, DC

Room 1350

Due to heightened security, we advise attendees to arrive at least one-half hour before the meeting begins. Attendees will be required to show a picture ID and will need to be photographed before they are allowed to enter the building. OPM staff members will be present to escort attendees to the auditorium. In addition, we must provide our Security Office with the names of attendees at least one week prior to the meeting. Thus, we ask that you let us know no later than March 12 who will attend this session; please email us at finance@opm.gov the following information for each attendee:

- Name (Last, First, M.I.)
- Carrier or Company
- City, State
- Phone number

We look forward to meeting with you. If you have any questions, please contact either:

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Sincerely,

Othy K. Block

Abby L. Block Assistant Director

for Insurance Programs

Attachments

AGENDA

ERC Reporting and Auditing: Accelerated Timeframes March 20, 2002

- I. Introduction and Welcome (Bill Washington)
- II. Background (Bob Yuran)
 - A. President's Management Agenda
 - B. OMB Bulletin No. 01-09, Form and Content of Agency Financial Statements
 - C. OMB Memorandum on Future External Reporting Changes
- III. Schedule of Accelerated Reporting Dates (Mark Lambert)
- IV. How to Meet Reporting Dates (Dan Fletcher)
 - A. Streamlined Reporting Minimize requirements to include financial statements, footnotes, and one supplemental schedule
 - B. Move agreed-upon procedures to March 31 reporting date (calendar year requirements) and reduce sample sizes
 - C. Use estimates in future years
 - D. Actuarial liability agreed-upon procedures will still need to be completed by the larger carriers
- V. Open Discussion

SCHEDULE OF REPORTING REQUIREMENTS for September 30 Audited Annual Accounting Statements				
	2001 AUDITED AAS DUE DATES	2002 AUDITED AAS DUE DATES	2003 AUDITED AAS DUE DATES	2004 AUDITED AAS DUE DATES
OPM final to OMB	2/27/2002	2/1/2003	12/15/2003	11/15/2004
OPM draft to OMB	2/14/2002	1/17/2003	12/1/2003	11/1/2004
OPM draft to KPMG	2/1/2002	12/19/2003	11/19/2003	10/22/2004
DUE dates for audited AAS	12/15/2002	12/1/2002	11/1/2003	10/15/2004