
FEHB Program Carrier Letter

All Community-Rated Carriers

U.S. Office of Personnel Management
Insurance Services Program

Letter No. 2007 - 09

Date: March 22, 2007

Fee-for-service [n/a] Experience-rated HMO [n/a] Community-rated HMO [6]

SUBJECT: Audit Requirements for Adjusted Community-Rating Plans

Many community-rated carriers participating in the Federal Employees Health Benefits Program (FEHBP) utilize an Adjusted Community Rating (ACR) methodology, which uses group-specific experience data to develop the FEHBP and Similarly Sized Subscriber Groups (SSSG) rates. The Office of Personnel Management's (OPM) Rating Instructions for Community-Rated Carriers state carriers must keep on file all data necessary (i.e., claims utilization) to justify the ACR rate and save back-up tapes of their claims databases for audit purposes. To ensure the experience figures are appropriately supported and rates are developed in accordance with the contract, Federal regulations and rating instructions, the Office of the Inspector General (OIG) requires submission of this supporting data annually. The information will be used for future audit and investigative purposes.

Beginning with the 2007 rate proposal, carriers using an ACR methodology and basing their FEHBP rates on group-specific claims or utilization data were required to submit this data annually to the OIG **at the same time they submit their proposals**. Carriers with more than 500 FEHBP contracts (by plan code) at the time of the rate proposal and which use an ACR methodology to develop the FEHBP rates for 2008 must submit this data to the OIG when they submit their 2008 proposals. Carriers with less than 500 contracts (by plan code) are not required to prepare and submit the claims data. Attachments 1 and 2 to this carrier letter contain lists of the fields requested for medical claims (professional, facility, dental, etc.) and for pharmaceutical claims. Please include at the end of the listed fields any additional fields you feel contain pertinent information. Normally these files should contain a separate record for each line/charge contained in each claim. For carriers using a method other than actual, adjudicated claims (i.e., encounters, utilization, etc.), please include the **detailed** experience data you used to determine the experience factor for the FEHBP.

All claims data should be submitted on CD, DVD, USB Memory Stick, or electronically transmitted to the OIG. The OIG's preference is to receive the claims data in Microsoft Access tables, or as ASCII tab delimited text files.

To meet recent security requirements, you should encrypt each file by using the encryption option in WinZip 9.0 to compress and encrypt the data. In the Encrypt dialog box where you enter a password, you must select 256-bit AES encryption. Make sure you select a *strong*

password (minimum 8 characters of which at least one should be a numeric digit, at least one should be an uppercase letter and at least one should be a lowercase letter). The password should be provided (emailed) separately from the encrypted and zipped file.

Certain documentation must also be provided for each file. Specifically, complete Attachment 3, the Media Specifications Form for each file. Also provide a list of codes for fields requiring one (i.e. data dictionary) and descriptions of additional fields provided. Additionally, provide documentation for all drug rebates received since this is typically at an aggregate level.

Please send the requested data and documentation to:

Melissa D. Brown
OIG, Rm. 6400
Office of Personnel Management
1900 E Street, NW
Washington, DC 20415-1100

In addition, carriers must maintain, in the same format as the FEHBP data, the group-specific claims or utilization data for the SSSGs. The carriers must keep this data at their offices and make it available for review during OIG audits. This data (for the FEHBP and the SSSGs) should be downloaded from a central database at the time the rates are developed.

Questions regarding audit objectives or requirements should be directed to Melissa Brown, Chief, Community-Rated Audits Group on 202-606-4714 or at melissa.brown@opm.gov. Technical questions regarding the claims database or requirements for data submission should be directed to Lewis Parker, Chief, Information Systems Audit Group, on 202-606-4738 or at lewis.parker@opm.gov.

Sincerely,

Robert F. Danbeck
Associate Director
for Human Resources Products and Services