FEHB Program Carrier Letter
All Carriers

U.S. Office of Personnel Management
Healthcare and Insurance

FEHB ☒ PSHB ☒

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Fee-for-service [13] Experience-rated HMO [13] Community-rated HMO [15]

Subject: Office of Personnel Management (OPM) Federal Employees Health Benefits (FEHB) and Postal Service Health Benefits (PSHB) Programs Fraud, Waste, and Abuse Requirements

Updated November 5, 2026

This Carrier Letter notifies Federal Employees Health Benefit (FEHB) Program Carriers and Postal Service Health Benefit (PSHB) Program Carriers of additional requirements to prevent, detect, investigate, and remediate FEHB- and PSHB-related Fraud, Waste, and Abuse (FWA). This Carrier Letter supersedes Carrier Letter 2017-13 and supplements requirements from the Contract (Section 1.9 – Plan Performance). This Carrier Letter does not supersede or modify the requirements of Carrier Letter 2026-11. Carriers remain responsible for ensuring full compliance with all FWA-related obligations under the Standard Contract and all applicable Federal laws and regulations.

OPM Requirements for FEHB/PSHB FWA Programs

The Carrier must, at a minimum, perform the following activities to prevent, detect, investigate, and remediate FEHB/PSHB FWA. Definitions for terms used in this Carrier Letter and attachments are stated in Attachment 1.

A. Ongoing FWA Functions

Carrier FWA functions must proactively identify FWA issues, identify program vulnerabilities, and initiate action to deny or suspend payments where there is potential FWA. Carriers are required to proactively monitor and actively

participate in healthcare fraud prevention in all geographical regions in their service areas.

B. Enrollee Education

The Carrier must provide a secure notice to enrollees, based on the template found in Attachment 6, on an annual basis. The Carrier must also educate enrollees and providers about FWA issues via newsletters, websites, and other appropriate means of education.

C. Provider Education

The Carrier must educate their providers on processes and procedures for detecting and identifying enrollees and their family members who are exhibiting drug-dependent, drug-seeking, or doctor-shopping behavior.

D. FWA Hotline and Manual

The Carrier must establish and maintain a fraud hotline for reporting both internal and external allegations of FWA, via telephone and online submission, and track all reports. Hotlines should be available to providers, enrollees, employees, and others. Compliance programs must prohibit retaliation against whistleblowers.

The Carrier must publish an FWA manual covering all plans, policies, and procedures. Manuals must be routinely updated, kept current, and list all revisions and dates of revision. The manual must be available to all Carrier personnel and OPM. Carriers with multiple lines of business must maintain a dedicated FWA manual that addresses FEHB/PSHB requirements, either as a standalone document or as a distinct section within their enterprise manual. The manual must include, at minimum:

- An anti-fraud policy statement providing the Carrier’s corporate strategy to address FWA;
- Written policies and procedures for the prevention, detection, identification and remediation of FWA;
- Information for anti-fraud personnel and subcontractors regarding general guidelines; investigation guidelines, investigative planning, retrospective claims analysis; interview procedures, prospective

claims, review, report writing, information; disclosure, law enforcement relations, and all FWA for FEHB/PSHB related reporting requirements;
- The composition, structure, duties, and functions of anti-fraud personnel and subcontractors, including names, titles, and contact information;
- Procedures for Carrier notification of potential FWA issues to Carrier anti-fraud personnel;
- An overview and listing of all relevant Federal laws that pertain to healthcare violations, including all relevant criminal and civil laws;
- Formal FWA training requirements for all anti-fraud personnel;
- A listing of FWA indicators by health plan business unit;
- Information about fraud hotlines related to FEHB/PSHB, the phone number, email address, and online module or web-based method for submitting a Carrier notification;
- Established security safeguards to protect claims, enrollee, and provider information from unauthorized use or access;
- Information related to the education of enrollees and contracted providers about FWA issues via newsletters, websites, and/or other means of education;
- Processes and procedures for detecting and identifying enrollees and their family members, who are exhibiting drug-dependent, drug-seeking, or doctor-shopping behavior; and
- An Appendix or Appendices listing all minimum requirements herein, along with all other plan items included by the Carrier.

E. Formal Employee Training

The Carrier must ensure FWA awareness training is conducted for all employees, underwriting departments, and subcontractors engaged in the Carrier's FEHB/PSHB business.

Training should consist of an overview of specific FWA reporting requirements, debarment policies, and procedures to enable personnel to identify and handle potentially fraudulent claims submitted. The training must include at minimum the following areas as appropriate and related to the FEHB/PSHB Program:

- Overcharging and overpayment detection;

- Claims processing;
- Guidelines for potential fraud;
- Foreign medical claims;
- Medical coding;
- Duplicate billing;
- Unnecessary services or supplies;
- Over-utilization;
- Services not rendered;
- Miscoding;
- Up-coding;
- Unbundling;
- Misleading claims information;
- False diagnosis, prescription drug abuse;
- Pharmacy related fraud and pill mills;
- Patient safety; and
- The requirements related to notifying and referring potential fraud cases to OPM and OPM OIG.

Training should include a review of the Carrier's FWA Manual. It should include all relevant Federal criminal and civil statutes and laws related to health care FWA. Instruction format may be classroom instruction, self-guided instruction, seminar, conference, online, or by any other means available. The Carrier must maintain records of training for all FWA–related health plan personnel.

F. Subcontractor Oversight

The Carrier must monitor subcontractor (e.g., pharmacy benefits manager) compliance with contractual FWA obligations. The Carrier must also conduct audits and reviews of subcontractor FWA controls.[1]

G. Case Tracking & Data Management

The Carrier must maintain a database(s) or case tracking system of all FWA cases opened, active, pending, and closed, which shall contain, at a minimum:

[1] See CL 2026-11 for extensive description of the carrier's responsibilities related to subcontractor oversight.

- the case name and number,
- subject names,
- addresses,
- basic identifiers (SSN, if available; Tax Identification Numbers; NPIs),
- specific allegations,
- investigative activity,
- case status and disposition,
- FEHB/PSHB exposure,
- FEHB/PSHB funds identified as a loss,
- FEHB/PSHB funds recovered,
- FEHB/PSHB funds saved as a result of claim denials,
- referral agency,
- date of referral,
- disposition of referral, and
- how the case was detected.

Case tracking must be performed for all cases/investigations from all internal plan sources and external sources. Upon request, the Carrier must establish a process to enable OPM or OPM OIG access to such information, database(s), or case tracking system.

H. FWA Reporting and Claims Submission to OPM

Carriers are required to submit one FWA Report per year based on definitions found in Attachment 4. The data must be submitted through OPM's Carrier Connect System or as otherwise specified by OPM. The annual FWA Reports are due on March 31st of each year, covering activities for the prior plan year. The Carrier must also submit a certification (Attachment 5) to the Health Insurance Specialist when submitting the FWA Report.

Actions, Recoveries, Cases (ARC) Spreadsheet submissions are due to OPM quarterly or as prescribed by OPM. The submissions must cover activities and updates for cases in the OPM prescribed reporting period. Submissions are cumulative and should include all investigations opened by the Special Investigative Unit (SIU) or equivalent group where FEHB/PSHB exposure has been identified. An ARC Spreadsheet Template and instructions can be found in Attachment 3.

Each Investigative Case line item must have an internal identification designation for use in communication with OPM OIG and OPM. The exact format of the designation is to be determined by the Carrier.

Any recoveries to the program noted in the ARC Spreadsheet must be accompanied by a Return of Funds Form. See Section I. FWA Recoveries Process for more information.

Carriers may be required to provide additional data, including claims data, in the required format upon request from OPM or OPM OIG and track all data requests separately.

I. Accreditation, Skills Development, and Best-Practice Sharing

We require members of Carrier's SIU, or in the absence of an SIU, those performing FWA detection activities to obtain training on an annual basis from an external organization such as the National Healthcare Anti-Fraud Association (NHCAA), the International Association of Special Investigation Units (IASIU), the Association of Certified Fraud Examiners (ACFE), the National Insurance Crime Bureau (NICB), etc.

The Carrier must maintain training records and provide those records as attachments to OPM in the OPM Annual report. If accredited, the Carrier must provide records as well.

J. FWA Recoveries Process

Experience-Rated carriers are reminded that pursuant to Contract Section 2.3(i), "the Carrier must return all FWA-related recoveries to OPM's Office of the Chief Financial Officer to be placed into the Carrier's, or Plan's, if appropriate, Contingency Reserve. These recoveries should be returned to the Contingency Reserve within 30 calendar days of receipt by the Carrier or Plan."

Recoveries must be accompanied by a Return of Funds form attached to Carrier Letter 2026-14 and submitted to HI-Recoveries@opm.gov.

Coordination with OPM OIG

A. Investigations and Case Handling Process

The Carrier must conduct investigations of FWA allegations referred by internal plan sources (customer service, claims, underwriting, internal audit, utilization/medical review, etc.) or external sources (fraud hotlines, health care task forces, law enforcement liaison, OPM referrals, OIG information requests, etc.).

The Carrier must include a process for developing and referring cases to OPM OIG for consideration of civil and criminal prosecution.

The Carrier must include procedures to notify OPM OIG using the OIG's FWA portal. Unless OPM OIG identifies an alternative, the FWA portal is the only acceptable method for providing this information to OPM OIG. Instructions for Carrier notifications are included in Attachment 7. Instructions for Settlement Agreements are included in Attachment 2.

B. Additional Interaction with OPM OIG

The Carrier must provide liaison and investigative support to OPM OIG and other law enforcement agencies upon request, including claims data analysis, medical review, policy guidelines, provider contracts, claims documents, explanations of benefits, and copies of cashed checks. The Carrier must report to OPM OIG the receipt of any subpoena, request for information (RFI), or other informational request related to the FEHB/PSHB Program.

The Carrier must track all provider, member, and pharmacy Carrier notifications sent to OPM OIG and other law enforcement agencies and report this activity to OPM and OPM OIG annually**.**

Privacy, Security & Patient Safety Protections

The Carrier must use fraud protection software and machine learning technology commonly referred to as artificial intelligence (AI), as appropriate. The Carrier must evaluate on a prospective claim-by-claim basis and through the retrospective analysis of claim trends from providers and/or

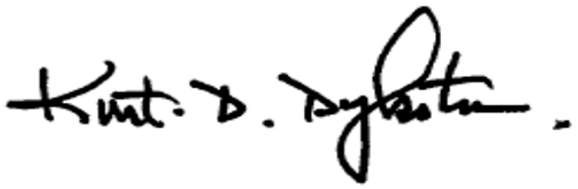
members. As referenced above, Carriers should initiate action to deny or suspend payments where there is potential FWA.

The Carrier must implement safeguards per HIPAA requirements to protect claims, member, and provider information from unauthorized use or access, including unauthorized release by AI.

The Carrier must address FWA issues with the potential to develop into patient safety issues. Patient safety issue areas may include, but are not limited to:

- Pharmaceuticals, such as altered prescriptions, illegal refills, and abuse of controlled substances;
- Medical errors in both inpatient and outpatient care, resulting in unfavorable outcomes; and
- Improper settings for procedures and services that result in poor outcomes.

Sincerely,



Kurt D. Dykstra
General Counsel and Healthcare and Insurance Designee for
Scott Kupor, Director
U.S. Office of Personnel Management

Attachments:

Attachment 1 - FEHB - PSHB Fraud, Waste, and Abuse Definitions

Attachment 2 – Carrier Settlement Agreements

Attachment 3 - Actions, Recoveries, Cases (ARC) Spreadsheet

Attachment 4 - FWA Annual Report Definitions

Attachment 5 - FWA Annual Report Certification

Attachment 6 - Annual Notice to Members

Attachment 7 - Carrier Notification Workflow