
FEHB Program Carrier Letter

Experience-Rated Carriers

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

Letter No. 1999- 018A

Date: April 13, 1999

Fee-for-service [15] Experience-rated HMO [15] Community-rated [n/a]

SUBJECT: Year 2000 Compliance

The Office of Personnel Management (OPM) recently completed the renovation phase in the year 2000 systems compliance program process. We want to keep you posted and address any concerns about our capability to operate the health benefits financial systems in the year 2000. This letter updates the status of the Letter of Credit (LOC) Drawdown System used by your finance office to withdraw funds to pay benefit claims, administrative expenses and retentions, and the Automated Clearinghouse (AHC) or Electronic Funds Transfer payment system..

Letter of Credit (LOC) Drawdown System:

In December 1998, we converted all LOC carriers from the PC-based drawdown system to a mainframe system using Advantis as the gateway. The previous PC-based system was not year 2000 compliant and would have required a major rewrite. In lieu of updating the PC-based system, we decided to replace it with a mainframe based system. In February 1999, we completed testing this mainframe system (the controlling system) to ensure the system is year 2000 compliant. We will perform validation tests using dates in the year 2000 through July 1999, and at that time we will ask carriers to submit data to perform end-to-end testing.

ACH Payment System:

The Department of the Treasury operates the payment system used to transfer funds to your bank based on your drawdown requests. We submit a payment file to the Department of Treasury, which in turn, provides data to the Federal Reserve to authorize the ACH payment to your designated bank. While we have not tested this system yet, the Department of the Treasury, Social Security Administration (SSA) and the Federal Reserve Banks have tested SSA payment files using dates in the year 2000. We can rely on this test for assurance the ACH transactions do get processed through the banking system to financial institutions but we intend to run our own test.

Alternative Payment Plans:

If we have problems making ACH payments in the year 2000, we will issue checks to you for the drawdown payments.

What should you do to ensure timely payments in the year 2000?

There are two steps each experience rated carrier should take. First, ensure the system you use to access the LOC drawdown system is year 2000 compliant. In most cases, this involves testing your PC. Second, verify that the bank to which your ACH payment is made will be able to accept an electronic transfer of funds in the year 2000. For our records, please submit the enclosed document certifying that your bank will be able to accept an ACH payment in the year 2000. Mail the document OPM\RIS\FSB at 1900 E Street, NW, Washington, DC 20415, Room 3H35, attention Anita West.

If you have any questions pertaining to this letter, please contact Anita West, in the Financial Services Division, at 202/606-4262.

Sincerely,

Frank D. Titus
Assistant Director
for Insurance Programs

Enclosure

FMD:AWest:3/31/99:RV:ETunstall/AKalland:4/2/98
RV:ABelliotti/perFTitus:4/6/99

OPM will retain this form in case we experience a problem in processing an ACH payment by your bank and/ or the Department of the Treasury in the year 2000. Please provide us with the following information listed below:

Health Benefits Carrier Name:

HB Code:

Contact Name:

Fax Number:

E-Mail Address:

We ensure that our bank will be able to accept an ACH payment in the year 2000.

Authorized Signature, Title

Date