Subject: Results of IPA Audits of Experience-Rated Carriers

We are pleased to report that the results of the independent audits of experience-rated carriers called for in our audit guide of July 24, 1998, were favorable. Thank you. Your efforts contributed greatly to our ability to obtain an unqualified audit opinion on the Federal Employees Health Benefits Program.

Our independent public accounting firm stated that “the financial statements present fairly, in all material respects, the financial position of the Federal Employees Health Benefits Program [experience-rated carriers] as of September 30, 1998, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.” Although reportable conditions were identified in a limited number of cases and the contract staff will discuss them with the individual carriers, none were considered to be significant enough to be considered material weaknesses.

Overall, we feel that this was a very successful first year effort and we look forward to working with you to see even better results next year.

Sincerely,

(signed)

Frank D. Titus
Assistant Director
for Insurance Programs