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# FEHB Program Carrier Letter

## All Carriers

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

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**Letter No. 1999-035**

**Date:** August 13, 1999

Fee-for-service [ 29 ]    Experience-rated HMO [ 30 ]    Community-rated [ 30 ]

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**SUBJECT:** The Debt Collection Improvement Act of 1996 (DCIA)

On April 26, 1996, the President signed into law legislation having a major impact on the way the Federal government collects its debts. Among other provisions, the Debt Collection Improvement Act of 1996 (DCIA) (Public Law 104-134) provides that a debt owed to the U.S. that has been delinquent for a period of 180 days or more shall be subject to *administrative offset*. This letter is to inform you that, effective August 26, 1999, all payments to carriers, including amounts drawn-down from letter-of-credit accounts (LOCAs) for experience-rated plans, will be subject to the administrative offset provisions of the DCIA. This means that amounts paid to carriers by OPM as premiums or drawn from LOCAs may be reduced by the Treasury to satisfy amounts owed by carriers to other entities.

Please refer to the enclosed question and answer sheet for more information about the administrative offset provisions of the Debt Collection Improvement Act of 1996 (DCIA).

If you have any further questions, please contact your contracting officer.

Sincerely,

(signed)

Frank D. Titus  
Assistant Director  
for Insurance Programs

Enclosure

**Questions and Answers About  
The Debt Collection Improvement Act of 1996 (DCIA)**

1. What is considered a debt under the DCIA?

A debt is an amount that an appropriate official has determined to be owed to the United States by a person, organization, or entity.

2. What is a delinquent debt?

A debt is delinquent if it has not been paid by the payment date or by the end of any grace period contractually provided.

3. What is an administrative offset under the DCIA?

An administrative offset is the withholding of funds to be paid to a debtor by the Treasury to satisfy a debt. The process by which Treasury makes administrative offsets to satisfy debts is called the Treasury Offset Program (TOP).

4. How does the Treasury Offset Program work?

Collecting entities are required by the Treasury to place the names of applicable debtors into a TOP delinquent debtor database. When payments are to be made, the payee is matched against the names in the database and, if a match occurs, the payment is diverted to satisfy the debt.

5. When is a debt eligible to be satisfied by administrative offset?

A debt is eligible to be satisfied by administrative offset at the point at which it has been delinquent for 180 days.

6. Will a carrier know that it has been entered into the TOP delinquent debtor database?

Before a collecting entity may refer a debt to the TOP, it must provide the carrier with all applicable due process notices concerning the debt. These notices include: written notification of the nature and amount of the debt, the intention of the entity to collect the debt through administrative offset, and an explanation of the carrier's rights (inspection, copying, review and repayment opportunities). As such, the collecting entity is deemed to have informed the carrier of the intended referral of the debt to the TOP.

A carrier is also entitled at any time to inquire as to whether it has been placed in the delinquent debtor database and it will be answered in writing by Treasury. The inquiry should be addressed:

Birmingham Debt Management Operations Center  
P.O. Box 2451  
Birmingham, AL 35201-2451

7. How will a carrier be notified that a premium payment or a drawdown from a letter-of-credit account has been offset?

After an offset is taken, the Birmingham Debt Management Operations Center will notify the carrier that an offset has occurred (including the amount and type of payment that was used to pay the debt) and the identity of the collecting entity requesting the offset, including a contact name.

8. Is there a limit to how much of a premium payment can be offset or can Treasury offset the entire amount due a carrier to satisfy a debt?

Treasury regulations provide for up to the entire premium payment due a carrier to be administratively offset to satisfy a debt.

9. Should the carrier call OPM for additional information about an offset?

No. OPM will not have any information of use to the carrier. The carrier should call the TOP Help Desk, not OPM, for any additional information regarding an offset. The TOP Help Desk may be reached at 1-800-304-3107.