



OFCM will send letters to individual experience-rated plans by overnight delivery.

FEHB Program Carrier Letter

Experience-Rated Carriers

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

Letter No. 2001-03A

Date: February 6, 2001

Fee-for-service [03] Experience-rated HMO [03] Community-rated [--]

SUBJECT: 2000 Financial Reporting

I have enclosed the Office of Personnel Management's (OPM) financial reporting instructions for contract year 2000. As you are aware, this financial information is a requirement of your plan's participation in the Federal Employees Health Benefits Program (FEHBP). It is imperative for contract administration purposes that you submit your annual accounting statement (AAS) by March 31, 2001.

Enclosure A, Carrier Financial Information, is a list of selected actual financial information that you must use in your reporting. Included in Enclosure A is the Letter-of-Credit (LOC) activity for the year ended December 31, 2000.

Enclosure B has the instructions for preparing your AAS. They are consistent with the FEHBP Experience-Rated Carrier and Service Organization Audit Guide. The preface to Enclosure B provides additional information concerning the preparation of your accounting statement. Review it carefully before you submit your report.

It is the policy of OPM to make contingency reserve payments available to plans as soon as possible. We will, where feasible, compute a "preliminary" contingency reserve payment based on the initial review of your AAS. Our ability to make a "preliminary" contingency reserve payment is, of course, dependent on the quality and timeliness of your AAS submission. If it is not possible to determine the dollar impact of a reporting deficiency or if we feel we cannot rely on the data presented, we will defer payment until final resolution of the problem(s) or acceptance of your AAS.

In addition, we will transfer all "excess reserves" held by your plan as of December 31, 2000, from your Letter-of-Credit (LOC) account to the contingency reserve. If you do not submit your AAS by March 31, 2001, we may estimate the amount of excess reserves and withdraw that amount from your LOC account.

The Debt Collection Improvement Act of 1996 (DCIA) provides that a debt owed to the United States that has been delinquent for a period of 180 days or more is subject to administrative offset. Effective August 29, 1999, all payments to carriers, including

payments drawn from the Letter-of-Credit (LOC) for experience-rated plans, are subject to the administrative offset provisions of the DCIA. To satisfy amounts you owe to other Federal entities, Treasury may reduce the amounts we pay to you as premiums or that you draw from your LOC. However, you must report the gross amount of LOC draw downs on your annual and fiscal year accounting statements rather than the net amount received.

Thank you in advance for submitting timely and accurate financial reports. If you have questions about this letter, contact Zaffar Shaffi of the Benefits Accounting Branch on 202/606-4189.

Sincerely,



Abby L. Block
Assistant Director
for Insurance Programs

Enclosures

