
FEHB Program Carrier Letter

All Carriers

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

Letter No. 2001-13

Date: April 25, 2001

Fee-for-service [10]

Experience-rated HMO [12]

Community-rated HMO [12]

SUBJECT: FEHB Clearinghouse Update

This letter will bring you up-to-date on our progress with the FEHB Clearinghouse.

We first wrote to you on March 9, 1998 (FEHB Carrier Letter 1998-011) introducing you to the concept of the Clearinghouse and soliciting your interest in the Clearinghouse. We next wrote to you on December 21, 1999 (FEHB Carrier Letter 1999-062) to tell you that we wanted to move forward with the Clearinghouse and to ask you to review and comment on the initial proposal developed by the National Finance Center (NFC).

We wrote to you again on July 17, 2000 (FEHB Carrier Letter 2000-32). This letter advised you that we were completing an agreement with NFC to build the Clearinghouse and gave you some cost estimates of the project. We told you at this time that carrier participation in the Clearinghouse would be mandatory, and that we would be working on carrier payment mechanisms with OPM's Office of Systems, Finance and Administration. We also announced the formation of an Executive Steering Committee (ESC) and a work group for the Clearinghouse project, and invited volunteers.

We signed an Interagency Agreement in November 2000 to have NFC build and operate the FEHB Clearinghouse. The project's oversight is performed by the ESC which is made up of representatives from OPM, FEHB carriers and Federal agencies. Development of the system began in February 2001 and is expected to be completed by January 2002. NFC and OPM are working with a work group from carrier and Federal agencies.

How Will the Clearinghouse Work?

Once the FEHB Clearinghouse is operational, all FEHB carriers and Federal payroll offices will send electronic lists of persons enrolled in the FEHB Program to NFC. NFC will compare the lists to identify discrepancies and then work with carriers and payroll offices to resolve the discrepancies. This cycle will be repeated quarterly. Payroll and Human Resources offices must work together to resolve discrepancies and report corrective actions back to the carriers. This should greatly reduce the labor burden of the current process.

The FEHB Clearinghouse will not enroll FEHB members and will not be a repository of enrollment data or maintain enrollment lists. Its sole purpose is to reconcile enrollments.

How Much Will the Clearinghouse Cost?

The total cost for the development of the FEHB Clearinghouse will be up to \$2.75 million, and the ongoing annual cost after implementation will be approximately \$2.5 million. NFC will bill

OPM quarterly, beginning with the development phase of the project and continuing when the project is operational. OPM will offset carrier funds to pay the cost of the project. Each carrier's share of the cost of the project will be proportional to its share of total premiums paid into the FEHB Program. For example, if the premiums we receive for a given carrier is 2% of the total premiums for the FEHB Program, then that carrier's share for the FEHB Clearinghouse will be 2% of NFC's quarterly charges.

In addition to the direct Clearinghouse costs, you need to know that you have to dedicate some resources to hardware and/or software for connectivity later this year. More specific information will be available after the software protocols are developed.

What is the Timetable?

We have developed a timeline to complete the project and bring all participants on board by March 2002. System testing by selected FEHB carriers will be conducted from August 31 to November 16, 2001 with additional pilot testing between December 1, 2001 and February 28, 2002. All FEHB carriers must participate in the pilot testing by sending their electronic enrollment files to NFC via OPM's Data Hub in Macon, GA using your established connectivity. We will send the data record file format to you soon in a separate FEHB Carrier Letter. NFC will offer training to carrier personnel in January 2002 regarding handling corrective actions to your records and creating reports. We will go live with the system on March 1, 2002. We are absolutely committed to meeting the target dates and beginning the operations of the FEHB Clearinghouse on schedule. All FEHB carriers must be ready for the FEHB Clearinghouse at the times outlined in this letter.

Last fall OPM sent a Benefits Administration Letter (BAL) to Federal payroll offices announcing the FEHB Clearinghouse project and payroll office participation. OPM will be sending another BAL soon that will detail the time schedule for the agencies, specifically that the implementation date for all agency payroll offices is March 1, 2002. We will also send a BAL to agency human resources offices advising them of their role in resolving enrollment discrepancies. Let me assure you that we expect Federal agencies to be on-board by March 1, 2002.

We have enclosed a listing of the members on the Executive Steering Committee for your convenience. If you have questions regarding the FEHB Clearinghouse or desire to be part of the ESC mentioned above, please contact Eric Figg at OPM at 202/606-4083 or via email at edfigg@opm.gov.

Sincerely,



Abby L. Block
Assistant Director
for Insurance Programs

Enclosure