

ENCLOSURE B2

**FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM
EXPERIENCE-RATED CARRIERS
PRELIMINARY REPORTING PACKAGE REQUIREMENTS
As of September 30, 2003**

**ESTIMATED SUMMARY STATEMENT OF FEHBP FINANCIAL OPERATIONS
ESTIMATED FEHBP BALANCE SHEET**

****Due to OPM by October 22, 2003****

Instructions for Preparing

The ESTIMATED SUMMARY STATEMENT OF FEHBP FINANCIAL OPERATIONS

Round all amounts to the nearest whole dollar and ensure they add to the totals.

- 1) **PROGRAM INCOME:** Enclosure A of the cover letter lists Letter-of-Credit (LOC) authorizations recorded by OPM for your plan during the period October 1, 2002, through September 30, 2003. Please compare the information provided to your records and immediately notify Melanese Matthews or Laxman Pai, of the Trust Funds Branch on (202) 606-4498 or (202) 606-4492 of any differences.

Carrier Interest Income: Your contract states that all funds in excess of those needed to promptly discharge the obligations of the contract should be invested. Report all interest earned on these funds on line 1e. Do not report interest earned on your Letter-of-Credit account on this line.

2) ESTIMATED HEALTH BENEFITS CHARGES:

- a) Paid: Show the amount of cash payments for health benefit charges from October 1, 2002, through September 30, 2003.
- b) Accrued but Unpaid:
 - 1) Beginning: Line 2 of Enclosure A of the cover letter shows the ending health benefits accrual reported on your September 30, 2002, fiscal year accounting statement. This figure is to be used on line 2b(1) of this year's Estimated Summary Statement.
 - 2) Ending: Show the charges incurred but unpaid as of September 30, 2003.
- c) Total: Line 2a minus line 2b(1) plus line 2b(2).

3) ESTIMATED ADMINISTRATIVE EXPENSES: If your plan has high and standard options, show the basis and amounts used for prorating administrative expenses between the two options. All reported administrative expenses must be within your contract limit.

- a) Paid: The estimated cash payments for administrative expenses during fiscal year 2003.
- b) Accrued but Unpaid:
 - 1) Beginning: Show on line 3b(1) the amount of the accrued administrative expenses as shown on your prior fiscal year accounting statement.
 - 2) Ending: Show on line 3b(2) the estimated amount of accrued administrative expenses as of September 30, 2003.
- c) Total: Line 3a minus line 3b(1) plus line 3b(2).

4) ESTIMATED OTHER EXPENSES AND RETENTIONS:

- a) State Statutory Reserve: Report the amount necessary to satisfy state requirements for mandatory statutory reserves for the period October 1, 2002, through September 30, 2003.
- b) Reinsurance Expenses: List the amount paid for reinsurance expenses (if applicable) for the period October 1, 2002, through September 30, 2003.
- c) Service Charge: Show on Line 4c, 25 percent of the formula derived contract limitation for calendar year 2002, plus 75 percent of the allowable 2003 service charge.
- d) Other: Other expenses not previously stated.
- e) Total: The sum of lines 4a through 4d.

5) ESTIMATED CHANGES TO SPECIAL RESERVE:

- a) Special Reserve, 09/30/02: The amount of the prior fiscal year accounting statement ending Special Reserve (line 3, of Enclosure A).
- b) Gain (Loss) on Operations: This is calculated as follows: (Line 1f)-(line 2c)-(line 3c)-(line 4e).
- c) Prior Period Adjustments: All adjustments made to the current fiscal year report as a result of prior OPM audits or due to any other reasons.
- d) Contingency Reserve Payments: Show the amount transferred from the contingency reserve to your LOC account during the period October 1, 2002, through September 30, 2003.(Line 4d(1) of Enclosure A.)
- e) Return of Excess Reserves: Show the amount of excess reserves withdrawn from your LOC account and transferred to the contingency reserve from October 1, 2002, through September 30, 2003 (Line 4d(2)of Enclosure A).
- f) Other: Show on line 5f any transfers or other additions or subtractions to the special reserve during fiscal 2003.
- g) Special Reserve, Ending: The total of lines 5a, 5b, 5c, 5d, 5e, and 5f.

**ESTIMATED SUMMARY STATEMENT OF FEHBP FINANCIAL OPERATIONS
FOR THE PERIOD OCTOBER 1, 2002 - SEPTEMBER 30, 2003**

Carrier Name: _____

Code: _____

	TOTAL	HIGH	STANDARD
<u>1. PROGRAM INCOME:</u>			
a. Letter of Credit Authorizations	\$	\$	\$
(1) Semimonthly Premiums			
(2) Interest			
b. Accrued Income 09/30/02			
(1) Semimonthly Premiums			
(2) Interest			
c. Accrued Income 09/30/03			
(1) Semimonthly Premiums			
(2) Interest			
d. Total Program Income	\$	\$	\$
e. Carrier Interest Income			
f. Total Carrier Income	\$	\$	\$
<u>2. EST. HEALTH BENEFITS CHARGES:</u>			
a. Paid	\$	\$	\$
b. Accrued but Unpaid:			
(1) Beginning			
(2) Ending			
c. Total Health Benefit Charges	\$	\$	\$
<u>3. EST. ADMINISTRATIVE EXPENSES:</u>			
a. Paid	\$	\$	\$
b. Accrued but Unpaid:			
(1) Beginning			
(2) Ending			
c. Total Administrative Expenses	\$	\$	\$
<u>4. EST. OTHER EXP. & RETENTIONS:</u>			
a. State Statutory Reserve	\$	\$	\$
b. Reinsurance Expenses			
c. Service Charge			
d. Accrued Other Expenses & Retentions			
e. Total Other Exp. And Retentions	\$	\$	\$
<u>5. EST. CHANGES TO SPECIAL RESERVE:</u>			
a. Special Reserve - 09/30/02	\$	\$	\$
b. Gain (Loss) on Operations			
c. Prior Period Adjustment			
d. Contingency Reserve Payments			
e. Return of Excess Reserves			
f. Other			
g. Special Reserve - 09/30/03	\$	\$	\$

**Instructions for Preparing
The ESTIMATED FEHBP BALANCE SHEET**

The Balance Sheet should be prepared in accordance with the special purpose financial statements required by the U.S. Office of Personnel Management. This is a comprehensive basis of accounting other than generally accepted accounting principles.

If your Plan has high and standard options, please provide a balance sheet for each option.

ASSETS

Cash and Cash Equivalents - The estimated ending cash and cash equivalents balance as shown on the Consolidated Statement of FEHBP Cash Flows and other related schedules.

Balance in Letter of Credit Account - The balance in the LOC account as of September 30, 2003. This should agree with line 4e of Enclosure A.

Interest Income Receivable - All estimated accrued interest income from bank accounts or short-term investments as of September 30, 2003. Do not include accrued interest due the Letter of Credit (LOC) account.

Program Income Receivable - The accrued semimonthly premiums due to the LOCA and accrued interest, due to the LOCA. These balances are provided on your Enclosure A.

Due for Treasury Offset - The amount due the Program as a result of actions by the U.S. Treasury to reduce or “offset” drawdowns from your LOCA account.

Other (Includes Pre Paid Expense) - We may require a break-out if we or our auditors judge this category to be material.

LIABILITIES

Health Benefits Accrued but Unpaid - The estimated health benefits charges accrued but unpaid, breaking out charges that have been incurred but not received (IBNR) in a note, if feasible.

Accrued Administrative Expenses and Retentions - The estimated total accrued administrative expenses and retentions as of September 30, 2003.

Due to OPM for Audit Findings - The total billed to the Carrier by OPM to resolve audit findings.

Special Reserve - The Special Reserve equals total assets less Health Benefits Accrued but Unpaid and Accrued Administrative Expenses and Retentions.

Carrier Name _____ Code _____

**ESTIMATED FEHBP BALANCE SHEET
SEPTEMBER 30, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
ASSETS		
Cash and Cash Equivalents	\$	\$
Balance in Letter of Credit Account		
Interest Income Receivable		
Program Income Receivable		
Due for Treasury Offsets		
Other		
TOTAL ASSETS	\$	\$
LIABILITIES		
Health Benefits Accrued but Unpaid	\$	\$
Accrued Administrative Expenses and Retentions		
Due to OPM for Audit Findings		
Other Accrued Liabilities		
Special Reserve		
TOTAL LIABILITIES WITH SPECIAL RESERVE	\$	\$