
FEHB Program Carrier Letter

Community-Rated Carriers

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

Letter No. 2000-32B

Date: July 17, 2000

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

SUBJECT: FEHB Clearinghouse

This is to update you on the progress of the Federal Employees Health Benefits (FEHB) Program Clearinghouse and invite you to participate in developing and operating it.

Your FEHB contract (Section 3.6) provides for a rate loading equal to one percent to compensate you for discrepancies between your FEHB enrollment and our payment to you. As required by the section we have reviewed the loading for contract year 2001. We believe that our Clearinghouse initiative will address the enrollment reconciliation problems in the FEHB Program and, together with the disenrollment regulations, will reduce or eliminate the need for a rate loading. Although the disenrollment regulations are in effect, the Clearinghouse is not yet operational. Therefore, we will not reduce the loading for 2001. We will review it again for contract year 2002. As the Clearinghouse becomes operational and more effectively resolves enrollment discrepancies, we will reduce the loading.

We are nearing completion of an agreement with the National Finance Center (NFC) to build the FEHB Clearinghouse, and will begin the development phase of the project later this summer. NFC estimates that system development will cost less than \$3 million, and that maintenance and operation will cost about \$2.5 million per year. That means carrier development costs will be less than 75 cents per enrollment per year; annual maintenance and operation will be less than 65 cents per enrollment per year.

In view of the potential for the Clearinghouse to reduce or eliminate the need for a reconciliation loading and in order to spread costs and benefits equitably across the FEHB Program, carrier participation is mandatory. If you believe your share of the project's cost is significant, we will consider requests for adjustments during the rate reconciliation process. We are working with our Office of Systems, Finance and Administration on the details for the payment mechanisms and will provide them to you soon.

An Executive Steering Committee (ESC) will guide the development and operation of the Clearinghouse. The ESC will include representatives from OPM and FEHB carriers, as well as Federal personnel and payroll offices. We also want carrier participation on workgroups to develop system requirements.

If you have questions or would like to be a member of the ESC or Clearinghouse workgroups, please contact Eric Figg at (202) 606-0745 or EDFigg@opm.gov.

Sincerely,

Frank D. Titus
Assistant Director
for Insurance Programs