
FEHB Program Carrier Letter

All Community-Rated Carriers

U.S. Office of Personnel Management
Insurance Services Programs

Letter No. 2006 - 14

Date: May 8, 2006

Fee-for-service [n/a] Experience-rated HMO [n/a] Community-rated HMO [13]

SUBJECT: Audit Requirements for Adjusted Community-Rating Plans

Many community-rated carriers participating in the Federal Employees Health Benefits Program (FEHBP) utilize an Adjusted Community-Rating (ACR) methodology, which uses group-specific experience data to develop the FEHBP and SSSG rates. OPM's Rating Instructions for community-rated carriers state the carriers must keep on file all data necessary (i.e. claims, utilization) to justify the ACR rate and save back-up tapes of their claims databases for audit purposes. During audits by the Office of Inspector General (OIG), attempts have been made to further review this data; however, many carriers have been unable to produce the claims database as required by the Rating Instructions. To ensure that the experience figures are appropriately supported and that the rates are developed in accordance with the contract, federal regulations and rating instructions, the OIG will now require submission of this backup data. The information will be used for future audit and investigative activities.

Beginning with the 2007 rate proposal, plans that use an ACR methodology and base their FEHBP rates on group-specific claims or utilization data must submit this data annually to the OIG at the same time they submit their **proposals**. In addition, plans must submit the same data for the SSSGs to the OIG annually at the same time they submit their **reconciliations**. Please send the requested data to:

Jill Henderson
OIG, Rm. 6400
Office of Personnel Management
1900 E Street, NW
Washington, DC 20415

If the SSSG data is not available at the time of the rate reconciliation, please provide it as soon as it becomes available, but no later than July 1 of the rating year. This data should be downloaded from a central database at the time the rates are developed. We anticipate the claims data (professional, facility, pharmacy, dental, etc.) will include:

Member number	Date paid	Copay/Coinsurance amount
Unique patient identifier (within Member Number)	Patient date of birth	Patient liability amount
Payee code	Provider name	Withhold amount
Claim number	Provider number (prefer Tax ID No.)	Disallowed amount
Claim/charge line #	Type of service code	COB code
Claim type (i.e., hospital, physician, prescription, etc)	Billed amount	COB amount
Date(s) of service	Allowed amount	Group name
Procedure code(s)	Paid amount	Group number
Diagnosis code(s)		Rebate amount (Rx claims)
Capitation code	In/Out of network code	Place of service code

For carriers that use a method other than actual, adjudicated claims (i.e. encounters, utilization, etc.), please include the **detailed** experience data you used to determine the experience factor for the FEHBP and the SSSGs.

All claims data should be submitted on a DVD (or other storage media) with the following information identified:

- Specific data type being provided (Binary, ASCII, delimited, etc.). ASCII is preferred.
- Identification/acknowledgement of data being provided by month and year (i.e. what months and years are you giving us data for?)
- Record length
- End of record identifier (control, line feed)
- Visual sample of record layout (hard copy)
- Explicit date format – include spaces between items
- Description for each field
- List of codes for fields requiring one (i.e. data dictionary)
- Control totals for data files
- Record count
- Numeric total of specific fields(s) within a record

Questions regarding audit objectives or requirements should be directed to Jill Henderson, Chief, Community-Rated Audits Group on 202 606-4722 or at jill.henderson@opm.gov. Technical

questions regarding the claims database or requirements for data submission should be directed to Lewis Parker, Project Manager, Information Systems Audit Group, on 202 606-4738 or at lewis.parker@opm.gov.

Sincerely,

Robert F. Danbeck
Associate Director
for Human Resources Products and Services