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# FEHB Program Carrier Letter

## All Experience-Rated Carriers

U.S. Office of Personnel Management  
Insurance Services Programs

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**Letter No. 2007 - 24**

**Date:** August 28, 2007

Fee-for-service [ 20 ]    Experience-rated HMO [ 17 ]    Community-rated HMO [   ]

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### **SUBJECT: Guidance for the Preparation of Audited Financial Statements for Federal Fiscal Year 2007**

The *FEHBP Financial Reporting and Audit Guide* [the “Guide”] presents detailed requirements for the financial reporting due from ALL carriers as of and for FY 2007, as well as auditing requirements for certain carriers. These requirements are not reiterated here. This Letter provides guidance for those carriers that have elected “Option 2” in the Guide and, thereby, are required to submit audited financial statements to OPM as of and for September 30, 2007.

#### FY 2007 FINANCIAL REPORTING

As presented in the Guide, all carriers must submit a *signed Schedule of Selected Balances* (SSB) no later than **October 10, 2007**. This is critical because it will provide much of the information OPM needs to prepare its financial statements within OMB’s deadline.

Those carriers that have elected Option 1 [audited financial statements as of and for December 31] in the Guide are **not required** to submit financial statements [**other than the *Schedule of Selected Balances***] as of and for September 30. These carriers can, therefore, disregard the requirements enclosed with this Letter.

As mentioned above, those carriers that have elected Option 2 [audited financial statements as of and for September 30] must continue to submit to OPM audited financial statements as of and for September 30, 2007, prepared in accordance with the enclosed requirements. For FY 2007, these statements are due to OPM no later than **December 14, 2007**.

#### AUDITING REQUIREMENTS

*Primary Audit Coverage.* Primary audit coverage pertains to carriers that had claims expenses of \$100 million or more in the previous contract year. The applicable carriers that have elected Option 2 must submit, in addition to audited financial statements as of and for September 30, 2007, a report on compliance with laws, regulations and internal controls, in accordance with Generally Accepted Government Auditing Standards (GAGAS), and a report on the application of certain agreed-upon-procedures.

*Secondary Audit Coverage.* Secondary audit coverage pertains to carriers that had claims expenses of less than \$100 million in the previous contract year. The applicable carriers that have elected Option 2 in the Guide must submit audited financial statements as of and for September 30, 2007. However, they are not required to provide a report on compliance with laws, regulations and internal controls nor agreed-upon-procedures. It is important to note that carriers that would otherwise be subject to secondary audit coverage may, at the contracting officer's discretion, be made subject to some primary audit coverage.

Please submit four copies of the Audited FY 2007 financial statements to:

U.S. Office of Personnel Management  
Center for Financial Services  
Trust Funds Group  
Attention: Melanese Wynn  
1900 E Street NW, Room 3H35  
Washington, DC 20415-0001

If you have any questions about the requirements for the FY 2007 financial statements and/ or the SSB, please direct them to [Melanese.Wynn@opm.gov](mailto:Melanese.Wynn@opm.gov) of the Trust Funds Group at (202) 606-4498. The fax number to be used is 202-606-1338.

Sincerely,

Howard Weizmann  
Deputy Director

Enclosures