
FEHB Program Carrier Letter

Community-Rated Carriers

U.S. Office of Personnel Management
Healthcare and Insurance

Letter No. 2011-19

Date: October 13, 2011

Fee-for-Service [n/a] Experience-rated HMO [n/a] Community-rated [15]

SUBJECT: Criteria for Demonstrating Compliance with Contractual Requirement for Enrollment Reconciliation

This letter is a follow-up from Carrier Letter No. 2011-18. It provides the criteria that OPM will use to determine if community-rated carriers are in compliance with Section 1.5(b) of the 2012 contract. As we indicated in Carrier Letter 2011-18, carriers may continue the one-percent loading for enrollment discrepancies if they can demonstrate compliance with Section 1.5(b).

Compliance with Section 1.5(b) of the contract is established by (1) an error rate that is less than or equal to the average error rate for community-rated carriers or (2) if the carrier's error rate is above the average error rate, by demonstrating a "good faith" effort to reconcile enrollment discrepancies with Federal agencies.

Program Analysis and Systems Support (PASS) will notify the carrier of the average error rate and the individual carrier's error rate. Carriers that have an error rate that is less than or equal to the average error rate for community-rated carriers, using the March 2012 Centralized Enrollment Reconciliation Clearinghouse (CLER) data, will be in compliance with Section 1.5(b) of the 2012 contract. If a carrier is in compliance, that carrier may continue the one-percent premium loading for 2012.

If the individual carrier's error rate is above the average error rate, a carrier may demonstrate a good faith effort in order to continue the one-percent premium loading for 2012. The burden of establishing a good faith effort rests entirely with the carrier. First, the carrier must demonstrate that it did perform a quarterly reconciliation to identify discrepancies. Then, with respect to each discrepancy identified, the carrier must provide evidence of making a good faith effort to resolve the discrepancy.

Examples of good faith effort include:

- Letters, faxes, and/or emails from the carrier sent to federal payroll offices and/or human resource (HR) offices showing that the carrier contacted or attempted to contact a federal agency to obtain reconciliation corrective data of individual enrollees;
- Carrier's written documentation of telephone calls to federal payroll offices and/or HR offices showing that the carrier contacted or attempted to contact a federal agency to obtain reconciliation corrective data of individual enrollees; and/or
- Carrier's written documentation of the use of the Federal Employees Health Benefits (FEHB) disenrollment procedures (e.g., copies of the letters sent to the enrollees).

A specific example of good faith effort would be the production of emails sent or written documentation of phone calls made to Office of Personnel Management (OPM) Retirement Offices requesting information each quarter about the status of enrollees who have a CLER discrepancy.

Example of a lack of good faith effort include:

- Failure to obtain or use access to CLER website (e.g., a carrier's CLER password is expired);
- Carrier's failure to invoke the FEHB disenrollment procedures by having *any* CLER 160 error codes, excluding OPM annuitants, with a CLER Fail Count over three; or
- Carrier's failure to provide any letters, faxes, emails, or written documentation of telephone calls to agencies as evidence of an attempt to reconcile.

PASS will make the initial determination of compliance with Section 1.5(b) through a demonstration of a good faith effort. The carrier may appeal this decision to the Contracting Officer who will make the final determination of compliance in his or her sole discretion. If compliance with the contract is determined, the carrier may continue the one-percent premium loading for 2012.

If PASS and/or the Contracting Officer determine that the carrier is not in compliance with Section 1.5(b) of the contract, OPM will notify the carrier that OPM will remove the one-percent adjustment to the subscription charge. The one-percent adjustment OPM removes will be distributed to all of the active carriers in FEHB, excluding the carrier(s) that were not in compliance with this requirement.

In a forthcoming carrier letter, OPM will release guidance as to the (1) prevention of enrollment discrepancies, (2) current tools to reduce enrollment discrepancies, and (3) new tools being implemented to reduce enrollment discrepancies. The new tools will assist carriers with reducing the number of discrepancies in their reconciliations with agencies.

The 2012 contract year will be a transition year to 2013 when the one-percent premium loading will not be considered for rate setting.

If you have any questions, please contact your contract specialist.

Sincerely

John O'Brien
Director
Healthcare and Insurance