

FEHB PSHB

Letter Number 2024-19**Date: September 23, 2024**

Fee-for-service [16]

Experience-rated HMO [17]

Community-rated HMO [16]

Subject: Postal Service Health Benefits (PSHB) Program Plan Performance Assessment (PPA) Transition Guidance

This Carrier Letter provides transition guidance on the Postal Service Health Benefits (PSHB) Program Plan Performance Assessment (PPA). Based on the Postal Service Reform Act of 2022 (PSRA), Federal Employees Health Benefits (FEHB) Program and contract requirements generally apply to the PSHB plans and contracts, except as specifically modified by 5 USC 8903c. This is also true of regulations, including [48 CFR 1615.404-70](#), which are incorporated into FEHB and PSHB contracts. Under this regulation, OPM will use the performance-based percentage determined to develop the profit or fee pre-negotiation objective or performance adjustment applied to subscription income for each FEHB and PSHB contract.

For the PSHB contracts, this guidance allows existing FEHB Carriers offering a PSHB plan to receive a service charge or performance adjustment for 2025 and 2026 in a fair and equitable manner. Generally, unless they are offering a new contract as discussed below, each Carrier offering a PSHB plan will have a QCR score based on prior year FEHB plan performance. The distinction between 2025 and 2026 is that for 2025, the FEHB Contracting Officer will assess the Contract Oversight performance but for 2026 the PSHB Contracting Officer will assess the Contract Oversight performance. The methodology for the PPA Program is addressed in the [Plan Performance Assessment Methodology Carrier Letter, 2020-15](#). Any changes to the FEHB

Program PPA methodology announced in advance of and for application to the 2025 or 2026 FEHB contract years will also apply to the PSHB contract in the same year(s) and will be used in the PPA.

For 2024 FEHB Carriers that offer a PSHB Plan in 2025 with equivalent benefits and cost sharing to their 2025 FEHB Plan (except as needed to integrate Part D coverage), OPM will not consider PSHB Plans first offered in 2025 to be new contracts for the purpose of Plan Performance Assessment. These 2025 PSHB Plans will be subject to PPA Transition Guidance for 2025 and, to the extent the PSHB Plan is also offered in 2026, will be subject to PPA Transition Guidance for 2026.

A contract with a Carrier for a 2025 or 2026 PSHB Plan, offered by a Carrier that did **not** offer a 2024 FEHB Plan will **not** be subject to the PPA Transition Guidance, but will be subject to the new PSHB Contract PPA Guidance. Options offered for the first time in 2025 in either the FEHB or PSHB programs may not be included in the contract level rolled up results, based on the availability of enrollment data. The PPA Methodology Carrier Letter and the PPA Procedure Manual provide further guidance on addressing new options and contracts. Any changes to the FEHB Program PPA methodology and PPA Procedure Manual announced in advance of and for application to the 2025 or 2026 FEHB contract years will also apply to the PSHB contract in the same year(s) and will be used in the PPA.

Table 1 displays the PPA Transition Guidance regarding “new PSHB Contracts”¹ for PSHB Carriers who offered a 2024 FEHB Plan. This table describes the year of the applicable measures for the QCR Scoring, including Measurement Year (MY), and the Contracting Officer who will calculate the Contract Oversight Score. The QCR score and Contract Oversight score determine the Overall Performance Score (OPS).

¹ 2025 PSHB Plans (with equivalent benefits and cost sharing, with the exception of Medicare Part D, to their 2025 FEHB Plan) offered by a Carrier that offered a 2024 FEHB Plan will not be considered new.

Table 1: Transition Guidance Regarding PSHB Contracts Offered by PSHB Carriers

PPA Factors	2025 PSHB PPA Transition Guidance	2026 PSHB PPA Transition Guidance	2027 PSHB PPA Transition Guidance	2026 New PSHB Contracts PPA Guidance
QCR Score determined by:	2024 FEHB Measures (MY2023)	2025 FEHB Measures (MY2024)	2026 PSHB Measures (MY2025)	No QCR Score
Contract Oversight Score determined by OPM’s Assessment, and discussion with:	FEHB Contracting Officer	PSHB Contracting Officer	PSHB Contracting Officer	PSHB Contracting Officer
Service charge or performance adjustments calculated using the Overall Performance Score (OPS) and:	<i>ER Carriers</i> 2025 PSHB projected incurred claims and allowable administrative expenses <i>CR Carriers</i> 2024 FEHB subscription income attributed to Postal Enrollees	<i>ER Carriers</i> 2026 PSHB projected incurred claims and allowable administrative expenses <i>CR Carriers</i> Actual 2025 PSHB subscription income	<i>ER Carriers</i> 2027 PSHB projected incurred claims and allowable administrative expenses <i>CR Carriers</i> Actual 2026 PSHB subscription income	No performance adjustment in 2026

2025 PSHB and FEHB Service Charge (ER Carriers) and Performance Adjustment (CR Carriers) Calculation and Subscription Income Attribution (CR Carriers)

The 2025 PSHB service charge will be calculated for ER Carriers using

- The 2024 FEHB QCR score
- The 2024 FEHB Contract Oversight Score

- The 2025 PSHB projected incurred claims and allowable administrative expenses

The 2025 FEHB service charge will be calculated for ER Carriers using

- The 2024 FEHB QCR score
- The 2024 FEHB Contract Oversight Score
- The 2025 FEHB projected incurred claims and allowable administrative expenses

The 2025 PSHB performance adjustments will be calculated for CR Carriers using

- The 2024 FEHB QCR score
- The 2024 FEHB Contract Oversight Score
- The **2024 subscription income** attributed to Postal enrollees for CR Carriers.

The 2025 FEHB performance adjustments will be calculated for CR Carriers using

- The 2024 FEHB QCR score
- The 2024 FEHB Contract Oversight Score
- The FEHB **2024 subscription income** attributed to non-Postal enrollees for CR Carriers.

The 2024 FEHB subscription income attributable to Postal enrollees for CR Carriers will be calculated based on the ratio of premium attributable to Postal Service enrollees to the premium attributable to total enrollees in each option of a plan, in accordance with the methodology used for determining amounts to be allocated as reserve credits, described in Carrier Letter 2023-13, "[Methodology for Crediting Postal Service Health Benefits \(PSHB\) Program Plan Reserves and Earned FEHB Medical Loss Ratio Credits.](#)"

Table 2 below provides examples of the 2024 FEHB subscription income allocation for the 2025 PSHB and FEHB Plan Performance Assessments.

Table 2: Calculating the 2024 Subscription Income used for 2025 PSHB and FEHB Performance Adjustments Example

Options	Postal Percentage ²	2024 Total FEHB Subscription Income	2024 FEHB Subscription Income Attributed to Postal Enrollees	2024 FEHB Subscription Income Attributed to Non-Postal Enrollees
XX1/XX3/XX2	25.49%	\$874,371,899	\$222,877,397	\$651,494,502

PPA Measurement Year and Reporting Year

The measurement year is when services are provided. The reporting year is when the measurement results are reported. The reporting year is when the QCR Score is calculated and used to determine the Overall Performance Score (OPS), and the following years’ service charge or performance adjustment, as shown in Table 1.

Table 3 below provides details on the relationship of the:

- Measurement year (MY) - services are provided;
- Reporting year (RY) - HEDIS^{®3} and CAHPS^{®4} results are reported; and
- Contract year - the Contract year in which a service charge (SC) or performance adjustment (PA) will be applied

² This is the same percentage used in the example in Carrier Letter 2023-13, referenced earlier in this Carrier Letter.

³ Healthcare Effectiveness Data and Information Set (HEDIS[®]) is a registered trademark of the National Committee for Quality Assurance.

⁴ Consumer Assessment of Healthcare Providers and Systems (CAHPS[®]) is a registered trademark of the Agency for Healthcare Research and Quality (AHRQ).

Table 3: Relationships between PPA Measurement Year (MY) Reporting Year (RY), and Service Charge (SC) or Performance Adjustment (PA)

Timeframe	Definition	2024 QCR Scoring	2025 QCR Scoring
Measurement Year (MY)	Year services are provided	2023	2024
Reporting Year (RY)	Year services provided in measurement year are reported	2024	2025
Service Charge (SC) or Performance Adjustment (PA) Year	Year performance in measurement year impacts service charge or performance adjustment	2025	2026

Please send comments or questions to fehbp@opm.gov, and copy Sylvia Pulley at Sylvia.Pulley@opm.gov and your FEHB Contracting Officer.

Sincerely,

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