
FEHB Program Carrier Letter

Community-rated Carriers

U.S. Office of Personnel Management
Healthcare and Insurance

Letter No. 2011-18

Date: September 23, 2011

Fee-for-Service [n/a] Experience-rated HMO [n/a] Community-rated [14]

**SUBJECT: Additional Information on the One Percent Loading for
Community-Rated HMO Carriers**

On August 10, 2011, we advised you that the Office of Personnel Management (OPM) **determined that the one percent load to premiums was no longer an appropriate vehicle for reimbursing carriers for premium remittance shortfalls.** The letter also indicated that *Section 3.6 Discrepancies Between Enrollment and Payments To Carriers* would no longer be included in the community-rated carrier's 2012 contract.

During an August 11 conference call, several community-rated carriers expressed concerns about the timing of the notice as it relates to business decisions for the 2012 rate year as well as the impact on the rate reconciliation. OPM discussed the development of statistics from the Centralized Enrollment Reconciliation Clearinghouse (CLER) analysis and emphasized the contractual requirement for carriers to reconcile enrollment on a continual basis. Carriers also discussed the difficulty in reconciling with certain government agencies.

The 2012 contract year will be a transition year to 2013 **when the one percent loading will not be considered for rate setting.** For 2012, carriers may continue the one percent loading if they can demonstrate compliance with Section 1.5(b) of the 2012 contract.

OPM will release criteria for what will be considered effective enrollment reconciliation in a subsequent Carrier Letter. OPM will communicate new tools and guidance to assist carriers with reducing the number of discrepancies in their reconciliations with agencies. OPM will update the community-rated carrier's contract to reflect the new provisions.

Please contact your contract specialist if you have any questions.

Sincerely

John O'Brien
Director
Healthcare and Insurance