
FEHB Program Carrier Letter

All FEHB Carriers

U.S. Office of Personnel Management
Healthcare and Insurance

Letter No. 2016-05

Date: March 30, 2016

Fee-for-Service [5] Experience-rated HMO [5] Community-rated [5]

SUBJECT: Instructions for Following the 180-day Timeline with Audit Resolution, Preparing Supporting Documentation for Audit Resolution Review and Completing Work Plans

Purpose

The purpose of this Carrier Letter is to:

- Remind Carriers of the 180-day Audit Resolution (AR) timelines that were implemented in 2011;
- Provide guidance on how to prepare supporting documentation when submitting for AR review in response to the Final Audit Report; and
- Provide guidance on how to complete a Work Plan (Excel file) for non-monetary recommendations.

180-Day Timeline

According to Office of Management and Budget (OMB) Circular A-50, agencies must assign a high priority to resolution of audit recommendations and corrective actions. Resolution must occur within six months (180 days) after issuance of a Final Audit Report. Subsequent corrective actions should proceed as rapidly as possible. Resolution of audit findings will be evaluated as a component of the Contract Oversight performance area in the FEHB Plan Performance Assessment.

Healthcare and Insurance (HI) has revised its procedures to facilitate and streamline activities related to the resolution of FEHB Program audits. Carriers have a responsibility to work with OPM during the audit process and while resolving findings from the Final Audit Report. The 180-day Audit Resolution timeline strengthens internal collaboration across key stakeholder groups, and improves contract oversight. Over time, we anticipate that this process may reduce the number of audit issues that need to be clarified after the Final Audit Report is issued. We expect to accomplish this by working with Carriers to identify and address issues before the Final Audit Report is released.

During the audit process, Carriers are responsible for the following:

- Provide all needed information to the auditors in a timely fashion and have an expert (audit liaison) on site to assist the auditors;
- Attend the Entrance Conference. Work with the Office of Inspector General (OIG) regarding interviews, information requests and all needed documentation during field work;
- Research, analyze and prepare responses to ALL issues raised by the OIG. All necessary Carrier personnel attend Exit Conference;

- Research, analyze and prepare responses to ALL issues raised in the Draft Audit Report. Note that with few exceptions, audit issues agreed to in the Draft Audit Report will not be changed once the Final Audit Report is issued; and
- Work with the OIG to identify, review and resolve contested claims and other issues. Respond to the Draft Audit Report within appointed timeframe, unless an extension is requested and agreed to by the OIG.

For Carrier responsibilities once the Final Audit Report is issued, please see **Attachments I-III Final Audit Report Timelines**. Please note that in responding to the Final Audit Report, Carriers are responsible for clearly outlining their position for any disagreements to findings and recommendations and providing documentation to support their position.

In 2011, OPM required Carriers to integrate audit activities with their contract responsibilities as indicated in Section 3.15 Audit Resolution.

Section 3.15 Audit Resolution

When OIG issues a Draft Report of findings to the Carrier, the Carrier must respond with all available, accurate and relevant documentation to validate or invalidate the findings. This must be done within the timeframe specified in the OIG Draft Report transmittal letter. The Carriers shall promptly begin reconciling findings and not wait until the receipt of the Final Audit Report to address disagreement with any findings previously communicated in the Draft Report.

OPM expects to fully resolve audits within 180 days of issuance of the Final Audit Report. To enable this, Carriers must expeditiously tender all documentation necessary for resolution of the audit not later than 120 days from the date of the Final Audit Report. This includes overpayment recoveries via check or certification, full documentation of the Carrier's position for findings being contested, evidence supporting due diligence assertions, and support for all other pertinent issues which OPM should consider, as appropriate. Fully supported requests for an extension to respond to the Final Audit Report will be evaluated by the Contracting Officer on a case-by-case basis.

It is OPM's expectation that all stakeholders adhere to the timeline.

Documentation Submission Criteria

When submitting documentation, please summarize the submission and specify how it relates to each finding in the Final Audit Report.

When providing documentation for procedural findings that do not involve Information Systems findings, Carriers must:

- Provide a summary of their position;
- Map their position to the findings in the Final Audit Report;
- Support their position with excerpts from the law, regulations and/or OPM guidance
- Provide detailed calculations for their position;
- Clearly note if information is being provided that was not provided to the auditor and why; and
- Note any changes in the data or systems that affected their position/submission.

For questioned claims, the OIG will provide the Carrier with a spreadsheet with all questioned claim lines for the audit. The contracting office and AR will have a modified version and will track the allowable and unallowable amounts. AR will confirm overpayment recoveries or changes in amounts allowed via a resolution letter to the Carrier from the Contracting Office.

Carriers are to use the same spreadsheet the contracting office provides throughout the audit resolution process; instead of creating a new spreadsheet. Each time the Carrier submits overpayment recoveries, contested or uncollectible amounts with supporting documentation, the Carrier will also submit the spreadsheet and indicate which claims the amounts correspond to.

When providing claims documentation to AR, Carriers must:

1. Submit the updated spreadsheet showing the recoveries, contested, uncollectible and remaining unallowable amounts.
 - ‘Recoveries’ are amounts the Carrier has recovered and returned to the FEHB. They are deducted from the questioned amount.
 - ‘Contested’ are claims that the Carrier has determined were paid *correctly*. Documentation provided for these claims should clearly indicate why the claim(s) was paid correctly. Please use the checklist in **Attachment IV: Contested Claims Checklist** to demonstrate why claims were paid correctly. **Attachment V Claims Cover Sheet** and **Attachment VI Sample Claim Form** provide an example of how claims documentation for contested and uncollectible claims should be noted.
 - ‘Uncollectible’ are claims that the Carrier agrees have been paid *incorrectly*, but the Carrier has exhausted recovery efforts, as outlined in the contract between OPM and the Carrier. Carriers must show that they met the minimum requirements in Section 2.3 (g) of the FEHB contracts. Please refer to **Attachment VII: FEHB Contract Section 2.3(g) Payment of Benefits and Provision of Services and Supplies** for your carrier’s specific contract clause. Please use the checklist in **Attachment VIII: Uncollectible Claims Checklist** to demonstrate your due diligence. Please note that demonstrating due diligence does not mean that the claim amount will automatically be allowed. As noted in Section 2.3(g) “It is the Carrier’s responsibility to proactively identify overpayments through comprehensive, statistically valid reviews and a robust internal control program. If the Carrier determines that a Member's claim has been paid in error for any reason (except in the case of fraud or abuse), the Carrier shall make a prompt and diligent effort to recover the erroneous payment to the member from the member or, if to the provider, from the provider.”
 - ‘Remaining Unallowable’ are claims that have not been recovered, and OPM has not received contested or uncollectible supporting documentation, or the documentation received was insufficient. This would include claims support that was received, but has been deemed insufficient.
2. Provide reasons for all contested and uncollectible claims, for example (not all-inclusive):

Uncollectible Reasons

- Bankruptcy
- Below the recovery threshold
- Due diligence (4 dated letters sent)
- Provider contract
- Deceased provider/patient

- Offsets
- Other

Contested Reasons

- Different providers
 - Check/payment not negotiated (voided, stop payment, not cashed, returned or not issued)
 - Different modifiers/ procedure codes (multiple services, different drug doses, ambulance trips, right vs left)
 - Incorrect procedure code
 - Wrong claim questioned
 - Medicare/ not covered by Medicare/ Medicare deductible or coinsurance code
 - Member is active/inactive (enrollment)
 - Carrier paid correctly according to coordination of benefits (COB) rules
 - Other
3. Provide claims in a sortable format
 4. Provide a summary of the claims with totals for number of claims and corresponding dollar totals, broken out by recovered, contested, uncollectible and remaining unallowable. We may require further breakout by contested and uncollectible reasons.
 5. Review all supporting documentation before submitting to AR. Ensure all documentation is clear and fully mapped to the amount questioned. Please use the attached checklists and cover sheet for guidance.

The standard contract allows Carriers up to 120 days to submit documentation to OPM. However, since in most cases the questioned claims have been known to the Carrier for several months prior to the issuance of the Final Audit Report, to ensure timely review, we expect Carriers to begin submitting supporting documentation along with the response to the Final Audit Report and transmittal letter from AR.

Work Plan Submission Criteria

OPM has developed a Work Plan Template to help structure and track the actions required to fully implement non-monetary recommendations. This includes both Information System audits and other audits with procedural findings. A standardized template also helps ensure the Carrier is providing all the information necessary for AR to review, monitor and ultimately close non-monetary recommendations. AR will send Carriers the Work Plan template with the recommendations included that require a Work Plan. The Carrier will complete the Work Plan and send to AR for review. The Carrier will regularly update the Work Plan, typically every 30 days, and send it to AR for progress monitoring until the recommendation is fully implemented. Please refer to **Attachment IX: Work Plan Template**.

Carriers are required to:

- Complete a Work Plan for each non-monetary recommendation, as instructed by AR;
- Provide AR with an initial Work Plan within 30 days of receiving the transmittal letter;
- Provide AR with monthly updates until full implementation;
- Include supporting documentation to show actions taken;

- Examples of acceptable supporting documentation may include photos, screen shots, procedures documents, system printouts, work orders, cost estimates, etc.; and
- Respond to any AR requests for explanation or additional documentation.

As the Work Plan is updated, and substantial actions are completed along with demonstrated good faith, OPM will review the Work Plan and will make a decision as to the disposition of each recommendation. They may be closed, remain open or be closed subject to monitoring. The Contracting Officer will continue to monitor recommendations that are closed subject to monitoring, typically requiring satisfactory progress and regular status updates, until full implementation has been completed and the issue(s) has been resolved.

We appreciate your continued efforts to timely submit complete supporting documentation and Work Plans to OPM. We look forward to working closely with you to proactively prevent, identify, recover funds and fully resolve audit recommendations, which strengthen the FEHBP for all enrollees.

Carriers should direct their questions to their OPM Contract Specialist.

Sincerely

John O'Brien
Director
Healthcare and Insurance