

093840



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

MANPOWER AND WELFARE  
DIVISION

MAY - 9 1973

Dear Mr. Ruddock:

During our review of the Uniform Plan of the Retired Federal Employees Health Benefits Program several matters were noted which will not be included in our overall report on the program. These matters relate to certain administrative expenses and premium taxes.

ADMINISTRATIVE EXPENSES

Indirect printing costs

We found that incorrectly coded printing invoices have resulted in an understatement of about \$300 in the 1969 charges to the Plan for indirect printing costs. Aetna adjusted its 1970 charges to correct this understatement. Aetna also reviewed and adjusted its 1970 indirect printing charges and an Aetna official informed us that the 1968 indirect printing charges would be reviewed. We did not review the propriety of the adjustments made by Aetna relating to the 1970 charges. The Commission may wish to examine Aetna's adjustments to determine their propriety and, if necessary, examine the indirect printing charges of prior years.

Direct printing costs

Direct printing expenses included in the Plan's 1969 financial statement were overstated by about \$7,700 as a result of incorrectly coded printing invoices. We also noted that such expenses were overstated by about \$57,000 on the Aetna's 1970 expense records. Aetna has taken action to correct these overstatements.

Payroll taxes

Due to an administrative error Aetna's charges to the Plan for payroll taxes were overstated by about \$300. Aetna has taken corrective action.

PREMIUM TAXES

Clerical errors made in the 1966 and 1967 policy periods resulted in an overstatement of \$465 to the Uniform Plan for premium taxes. We also found an error involving advance premium tax payments which resulted in a \$2,512 overstatement of the Plan's 1969 interest income.

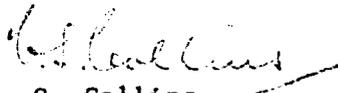
713041

These matters were brought to Aetna's attention and were corrected in the Plan's 1970 annual statement. An Aetna official informed us that certain related adjustments for interest which were not made on the 1970 statement will be made on the 1971 statement.

- - - -

We would appreciate being advised of any action taken by you and Aetna pertaining to indirect printing cost adjustments.

Sincerely yours,



C. S. Collins  
Assistant Director