

## Why GAO Did This Study

The FEHBP provides health care coverage to millions of federal employees, retirees, and their dependents through health insurance carriers that contract with OPM. Carriers offer plans in which eligible individuals may enroll to receive health care benefits. OPM negotiates these contracts; requires that each carrier establish a program to prevent, detect, and eliminate fraud and abuse; and oversees carriers' fraud and abuse programs. Although the extent of fraud and abuse in the FEHBP is unknown, any fraud or abuse that does occur contributes to health care costs and may be reflected in the premiums for FEHBP enrollees.

GAO was asked to review OPM's oversight of FEHBP fraud and abuse programs. This report describes (1) oversight of fraud and abuse programs by OPM's contracting office and (2) the OPM contracting office's approach to measuring the effectiveness of FEHBP carriers' fraud and abuse programs. To do so, GAO reviewed documents that specify program requirements and guidance, such as carrier contracts and letters from OPM to carriers; documents that assist oversight of fraud and abuse programs, such as annual reports that OPM requires from carriers; and documents demonstrating oversight of carriers, such as memos to carriers from OPM contracting office staff regarding carriers' compliance. GAO also reviewed published work about measuring the effectiveness of antifraud programs. GAO interviewed OPM officials and officials from entities with expertise related to antifraud programs and measurement.

GAO made no recommendations.

View [GAO-14-39](#). For more information, contact Kathleen M. King at (202) 512-7114 or [kingk@gao.gov](mailto:kingk@gao.gov).

# FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

## Oversight of Carriers' Fraud and Abuse Programs

### What GAO Found

The Office of Personnel Management (OPM) Healthcare & Insurance—Federal Employee Insurance Operations office, which we refer to as OPM's contracting office, monitors Federal Employees Health Benefits Program (FEHBP) carriers' compliance with requirements and other guidance for preventing, detecting, and eliminating fraud and abuse. These requirements include establishing a program to assess vulnerability to fraud and abuse, reporting annually on program outcomes, reporting potential fraud to OPM's Office of Inspector General (OIG), and implementing corrective actions to address deficiencies in fraud prevention programs. OPM's guidance encourages carriers to implement certain program standards, such as formal fraud awareness training for all employees. To monitor carriers' compliance with these requirements and other guidance, OPM's contracting office staff conducts the following activities.

- Review carriers' annual reports: Staff review information contained in annual reports from carriers that describe the carriers' fraud and abuse programs and their outcomes. Officials told us that they assess information in carriers' annual reports against program requirements and guidance and follow up with carriers whose reports suggest possible noncompliance.
- Conduct site visits: Staff also inspect and follow up on carriers' fraud and abuse programs during periodic site visits. Using a risk based site selection strategy, OPM contracting office staff conducted site visits of 27 carriers whose plans covered about 70 percent of FEHBP enrollees in 2012.
- Review and resolve OIG audit findings: Staff review and resolve OIG audit findings that identified areas of carriers' noncompliance.
- Review disputed claims and enrollee complaints: Staff review disputed claims and enrollee complaints to identify indicators of potential fraud or abuse, such as suspicious patterns of drug utilization.

OPM contracting office staff review certain outcomes of carriers' fraud and abuse programs, but several factors contribute to the challenge of assessing program effectiveness. Program outcomes in 2011 included 29 criminal convictions and more than \$23 million in recoveries to the FEHBP, but program outcomes do not provide complete information about program effectiveness because they do not measure the success of efforts to prevent or minimize fraud and abuse. OPM contracting office staff reported that they have not adopted specific measures of program effectiveness for FEHBP fraud and abuse programs because they have not identified an appropriate way to measure the effectiveness of antifraud programs. Several factors contribute to difficulties in assessing the effectiveness of health care antifraud programs. These factors include lack of information about the baseline amount of fraud and abuse, difficulty establishing a causal link between antifraud activities and the amount of fraud and abuse, and difficulty measuring the effect of efforts to prevent or deter fraud and abuse.

OPM and the OPM OIG provided technical comments, which we incorporated as appropriate.