



December 2022

FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

Additional Monitoring Mechanisms and Fraud Risk Assessment Needed to Better Ensure Member Eligibility

Accessible Version

GAO Highlights

Highlights of [GAO-23-105222](#), a report to congressional requesters

Why GAO Did This Study

FEHB is the largest employer-sponsored health care program in the country. It provides health insurance benefits to more than 8 million federal employees, family members, and others at a cost of about \$59 billion in fiscal year 2021. Until 2021, employing offices were not required to review eligibility documentation to verify family member eligibility. This left the program vulnerable to fraud and improper payments associated with ineligible family members.

This report identifies, among other things, the extent to which (1) OPM has implemented control activities to identify and remove ineligible family members with FEHB coverage and (2) OPM's fraud risk assessment for the FEHB program includes fraud risks related to ineligible FEHB members. GAO analyzed OPM documentation and interviewed OPM officials as well as officials from a nonprobability sample of five federal employing offices, selected to obtain views from offices of different workforce sizes. GAO also interviewed officials from five FEHB insurance carriers representing approximately 87 percent of FEHB enrollment at the time of GAO's review. The interview information is illustrative but not generalizable.

What GAO Recommends

GAO is making four recommendations to OPM, including that it implement a monitoring mechanism to identify and remove ineligible family members from the FEHB program and assess and document the likelihood and impact of fraud risks associated with ineligible FEHB members. OPM generally agreed with our recommendations.

View [GAO-23-105222](#). For more information, contact Seto J. Bagdoyan at (202) 512-6722 or bagdoyans@gao.gov

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What GAO Found

The Office of Personnel Management (OPM) is responsible for administering the Federal Employees Health Benefits (FEHB) program. OPM has taken steps to enable a process for employing offices and FEHB carriers to identify and remove ineligible FEHB members. For example, OPM amended its regulations in January 2018 so that employing offices and FEHB carriers may—but are not required to—request proof of family member eligibility at any time for existing participants. OPM also issued new requirements in 2021 for employing offices and FEHB carriers to verify family member eligibility for certain types of new enrollments.

However, OPM does not plan to establish a monitoring mechanism to identify and remove ineligible family members who already have FEHB coverage. Without such a monitoring mechanism, ineligible family members may remain covered and related improper payments may continue to accrue over time. OPM has estimated these related improper payments could cost the program up to approximately \$1 billion per year.

OPM performs an annual fraud risk assessment of the FEHB program but has not included ineligible members as a fraud risk to the program. In fiscal year 2020, OPM conducted a fraud risk assessment and documented a fraud risk profile for the FEHB program. OPM determined the program was at a low risk of fraud overall. However, OPM's fraud risk assessment and profile did not include fraud risks associated with ineligible members in the program.

OPM acknowledged in discussions with GAO that not verifying eligibility for current members carries a risk of fraud and improper payments. OPM's Office of the Inspector General has also documented instances of fraud and improper payments associated with ineligible members in the FEHB program. For example, a federal employee fraudulently covered two individuals purported to be his wife and stepchild in the FEHB program. The individuals were ineligible and remained on FEHB health insurance for about 12 years. The FEHB program paid claims totaling more than \$100,000 on behalf of these ineligible individuals.

Until OPM assesses the likelihood and impact from the fraud risk of ineligible FEHB members and documents that assessment, it cannot support its determination that the program is at a low risk of fraud. As a result, the program may remain vulnerable to the fraud risk associated with ineligible members.

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Abbreviations

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|------|---|
| DEVA | Dependent Eligibility Verification Audit |
| FEHB | Federal Employees Health Benefits |
| GEMS | Government-wide Enrollment and Member Support |
| OIG | Office of Inspector General |
| OMB | Office of Management and Budget |
| OPM | Office of Personnel Management |
| QLE | Qualifying Life Event |

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December 9, 2022

The Honorable Ron Johnson
Ranking Member
Permanent Subcommittee on Investigations
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Rick Scott
United States Senate

The Federal Employees Health Benefits (FEHB) program is the largest employer-sponsored health care program in the country and provides health insurance benefits to federal employees, retired federal employees, other eligible individuals, and their eligible family members. In fiscal year 2021, FEHB provided health insurance benefits to more than 8.2 million individuals at a cost of approximately \$59 billion. FEHB-eligible federal employees and retirees are entitled to enroll themselves and cover eligible family members in a health insurance plan offered under the program. The Office of Personnel Management (OPM) administers the FEHB program by publishing regulations and guidance and contracting with qualified health insurance carriers, among other responsibilities. Health insurance carriers that provide FEHB coverage contract with OPM to offer certain health benefits to all individuals who enrolled in their participating health plans. Employing offices and FEHB health insurance carriers bear responsibility for enrolling federal employees and adding coverage for eligible family members.¹

Since the program's inception in 1960, OPM has delegated responsibility to employing offices to make eligibility determinations for enrollees and covered family members. OPM did not require employing offices to review supporting documentation to verify family member eligibility during new-

¹Under 5 C.F.R. § 890.101, an employing office is the office of a federal agency to which jurisdiction and responsibility for employee health benefits actions have been delegated by OPM. For retirees, the employing office will tentatively determine if an individual is eligible to continue enrollment at the time of retirement. OPM's Office of Retirement Programs is responsible for reviewing the retirement and health benefits documents and making a final determination of eligibility to continue the FEHB enrollment into retirement.

hire enrollment or certain qualifying life events (QLE) until 2021.² Not doing so left the FEHB program vulnerable to improper payments caused by inadvertent errors or fraud and abuse associated with ineligible family members who should not be covered under FEHB. In October 2020, OPM's Office of the Inspector General (OIG) reported that OPM lacked sufficient controls to prevent ineligible family members from being covered in the FEHB program and recommended that OPM implement an eligibility verification process for family members to participate in the program.³

You asked us to review OPM's efforts to prevent, detect, and remove ineligible family members from the FEHB program. This report identifies the extent to which (1) OPM has implemented control activities to prevent ineligible family members from being covered in FEHB enrollments; (2) OPM has implemented control activities to identify and remove ineligible family members with FEHB coverage; and (3) OPM's fraud risk assessment for the FEHB program includes risks related to ineligible FEHB members.⁴

To identify the extent to which OPM has implemented control activities to (1) prevent ineligible family members from being covered in FEHB enrollments and (2) identify and remove ineligible family members with FEHB coverage, we interviewed officials from OPM, five employing offices, and five FEHB health insurance carriers. To obtain views from offices of differing employee size, for our interviews with five employing offices we randomly selected one employing office each from two cabinet-level departments, one employing office of a large independent federal agency, one employing office of a medium independent federal agency,

²As described in greater detail below, QLEs include a change in family status that results in an increase or decrease in the number of eligible family members, such as marriage, divorce, and the birth or adoption of a child.

³OPM partially concurred with this recommendation. We describe actions OPM has taken since the OIG's October 2020 report—including issuing new guidance in April 2021—in greater detail later in this report. Office of Personnel Management, Office of the Inspector General, *Audit of the U.S. Office of Personnel Management's Administration of Federal Employee Insurance Programs*, (Washington, D.C.: October 2020).

⁴In this report, we use the term "members" to refer to federal employees, retired federal employees, other eligible individuals, and their eligible family members with health insurance coverage in the FEHB program.

and one employing office of a small independent federal agency, as defined by OPM's list of federal agencies.⁵

For our interviews with FEHB health insurance carriers, we selected a nonprobability sample of five FEHB carriers that had at least 1 percent of total FEHB employee and retiree enrollment as of October 2021. Combined, the five carriers we interviewed represented approximately 87 percent of FEHB employee and annuitant enrollment at the time of our selection.⁶ While the statements from the selected employing offices and health insurance carriers we spoke with are not generalizable to their entire populations, they provide specific information about their FEHB responsibilities and operations. We also reviewed relevant documentation, such as OPM regulations, FEHB guidance and instructions for employing offices and health insurance carriers, and OPM's FEHB handbook.

For our second objective, we also reviewed relevant documentation, including final audit reports on dependent eligibility verification audits (DEVA) performed on behalf of states to prevent, identify, and remove ineligible family members covered under state health benefit programs.⁷ As part of this work, we interviewed three of the six vendors that contracted with these state health benefit programs to conduct the DEVAs we reviewed.

For our first and second objectives, we assessed the extent to which OPM's responses and documents aligned with principles in *Standards for Internal Control in the Federal Government*, specifically the principles

⁵OPM maintains a publicly available list of federal agencies and employment numbers on its website that we used to select employing offices. OPM defines large independent agencies as those having more than 1,000 employees, medium independent agencies as those having between 100 and 999 employees, and small independent agencies as those having less than 100 employees.

⁶This percentage does not include family member coverage.

⁷A dependent eligibility verification audit (DEVA) is an audit designed to verify the eligibility of enrollees' dependents, such as spouses and children. Typically, the entity conducting the DEVA requests that enrollees provide marriage certificates, birth certificates, or other documents to demonstrate eligibility.

related to designing and developing monitoring mechanisms and remediating internal control deficiencies.⁸

To identify the extent to which OPM's fraud risk assessment includes fraud risks related to ineligible FEHB members, we analyzed additional OPM documentation, such as the agency's fraud risk assessment, and interviewed OPM officials. We assessed the extent to which this information aligned with relevant leading practices in GAO's *Framework for Managing Fraud Risks in Federal Programs (Fraud Risk Framework)*, specifically the leading practices related to identifying and assessing risks to determine the program's fraud risk profile.⁹ For more information about our objectives, scope, and methodology, see appendix I.

We conducted this performance audit from May 2021 to December 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

FEHB Program

Although there has been some minor fluctuation in the number of FEHB members over time, total program coverage has remained around 8 million members since 2000. In the 2021 plan year, the FEHB program covered approximately 8.2 million individuals, including 2.2 million federal employees, 1.9 million retirees, and an estimated 4.1 million family

⁸GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

⁹We selected leading practices from the Fraud Risk Framework's second component that are most relevant to this objective based on our review of OPM documents and discussions with OPM staff. GAO, *A Framework for Managing Fraud Risks in Federal Programs*, [GAO-15-593SP](#) (Washington, D.C.: July 28, 2015). More information on the Fraud Risk Framework and its leading practices, which are organized into four components, appears below.

members.¹⁰ For that plan year, OPM had 87 contracts with health insurance carriers to provide health care coverage for FEHB members. These health insurance carriers offer plans in which eligible individuals may enroll to receive health care coverage for themselves and eligible family members. According to OPM data for the 2021 plan year, federal employees and retirees had the option to enroll in 276 different FEHB plans. Approximately 66 percent of FEHB enrollees were enrolled in plans offered by one health insurance carrier.

The FEHB program operates under a diffuse administrative structure. OPM is responsible for administering the FEHB program. In doing so, OPM relies on over 160 government employing offices—and 87 contracts with health insurance carriers—to enroll and verify the eligibility of FEHB members. There may be one employing office per agency, multiple employing offices per agency, or multiple agencies could have one employing office.

FEHB Enrollment

Eligible individuals have three opportunities to enroll in FEHB coverage:

- **New-hire enrollment:** New federal employees who are eligible for FEHB coverage may enroll themselves and add coverage for eligible family members in any available plan, option, and type of enrollment within 60 days after becoming eligible.
- **Open season:** Eligible individuals can enroll in FEHB coverage, change plans, and add family members to their plan during the annual open season, which runs from the Monday of the second full workweek in November through the Monday of the second full workweek in December unless modified by OPM for a specific year.
- **QLEs:** Eligible individuals may enroll in FEHB coverage, change plans, or add family members to their current plan within a specific timeframe of experiencing a QLE.¹¹ QLEs include, but are not limited to, a change in family status that results in an increase or decrease in

¹⁰A plan year is the 12-month period of benefits coverage under a group health plan. The FEHB plan year begins on the first day of the first pay period that begins on or after January 1.

¹¹A QLE is a term defined by OPM to describe events deemed acceptable by the Internal Revenue Service that may allow premium conversion participants to change their participation election for premium conversion outside of an Open Season.

the number of eligible family members, such as a marriage, divorce, and the birth or adoption of a child. Outside of new-hire and open season enrollment, new enrollment or changes to FEHB coverage can be made only in connection with QLEs.

Three types of FEHB enrollments are available:

- A “Self Only” enrollment only provides FEHB benefits for the enrollee.
- A “Self Plus One” enrollment provides benefits for the enrollee and one eligible family member.
- A “Self and Family” enrollment provides benefits for the enrollee and all eligible family members.

Family members eligible for coverage under an employee’s “Self Plus One” or “Self and Family” enrollment include spouses, children under the age of 26 (including biological children, stepchildren, adopted children, and foster children), and a child of any age who is incapable of self-support.¹²

FEHB Premiums and Funding

Both the federal government and enrollees, through their contributions toward health insurance premiums, contribute to the FEHB program. Generally, as set by statute, the government pays 72 percent of the average premium across all FEHB plans—but no more than 75 percent of any particular plan’s premium—while enrollees pay the balance.¹³ In fiscal year 2021, the FEHB program had a combined annual premium value paid by the government and enrollees of approximately \$59 billion. Premiums vary by plan option and depend on whether the enrollment is for “Self Only,” “Self Plus One,” or “Self and Family” coverage. Premiums are intended to cover members’ health care costs (including claims), plans’ administrative expenses, reserve accounts specified by law, plan profits, and OPM’s administrative costs.

¹²A stepchild includes the child of an enrollee’s spouse even after the enrollee’s divorce from the spouse or death of the spouse, so long as the child continues to live with the enrollee in a regular parent-child relationship. A child incapable of self-support due to a mental or physical disability is eligible to be covered under a federal employee’s FEHB plan if the disabling condition began before the age of 26.

¹³5 U.S.C. § 8906(b).

Improper Payments

Improper payments are payments that should not have been made or were made in the incorrect amount—i.e., an overpayment or underpayment—under a statutory, contractual, administrative, or other legally applicable requirement.¹⁴ Improper payments can be a result of mismanagement, errors, or fraud and abuse. Within the FEHB program, improper payments include payments for premiums or claims for ineligible members, including family members, according to OPM officials. OPM is currently unable to identify or estimate how many ineligible family members receive benefits from the FEHB program or the total cost to the program of those improper payments and did not report an improper payment estimate for fiscal year 2021. According to OPM's OIG, the high costs of improper payments without accurate accounting of improper payment rates in the FEHB program is a persistent top management challenge.¹⁵

In July 2022, OPM officials told us they were updating their method for estimating the agency's improper payments and exploring how to define improper payments in the FEHB program for the purposes of reporting improper payments to the Office of Management and Budget's (OMB) www.paymentaccuracy.gov website. OPM officials told us this work was in response to a 2020 OPM OIG report that determined OPM's current improper payment methodology could result in a substantial underreporting of estimated improper payments in a given fiscal year. For example, OPM did not include an estimate of improper payments associated with ineligible members in the estimate of improper payments it had previously reported to OMB. Instead, OPM's calculation reported an improper payment rate that was based in part on judgmentally selected samples of claims the OIG audited each year at a small percentage of

¹⁴Also included are any payment to an ineligible recipient, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), and any payment that does not account for credit for applicable discounts. 31 U.S.C. § 3351(4).

¹⁵Office of Personnel Management, Office of the Inspector General, Office of Audits, *Final Report: The U.S. Office of Personnel Management's Top Management Challenges for Fiscal Year 2022* (Washington, D.C.: October 13, 2021).

FEHB carriers, leaving a large amount of claims not considered for OPM's improper payment rate.¹⁶

Fraud Risk Management

Fraud and fraud risk are distinct concepts. Fraud—obtaining something of value through willful misrepresentation—is challenging to detect because of its deceptive nature. Fraud risk—a function of likelihood and impact—exists when people have an opportunity to engage in fraudulent activity, have an incentive or are under pressure to commit fraud, or are able to rationalize committing fraud. When fraud risks can be identified and mitigated, fraud may be less likely to occur. Although the occurrence of fraud indicates there is a fraud risk, a fraud risk can exist even if actual fraud has not yet occurred or been identified.

Managers of federal programs maintain the primary responsibility for fraud risk management. The objective of fraud risk management is to ensure program integrity by continuously and strategically mitigating both the likelihood and effects of fraud. Effectively managing fraud risk helps to ensure that federal programs' services fulfill their intended purpose—that funds are spent effectively and assets are safeguarded.

In July 2015, we issued the Fraud Risk Framework, which provides a comprehensive set of key components and leading practices that serves as a guide for agency managers to use when developing efforts to combat fraud in a strategic, risk-based way.¹⁷ Additionally, the Fraud Reduction and Data Analytics Act of 2015 required that OMB establish guidelines for federal agencies to create controls to identify and assess fraud risks and to design and implement anti-fraud control activities.¹⁸ The act also required that OMB incorporate the leading practices from the Fraud Risk Framework in its guidelines. The Payment Integrity Information Act of 2019, which repealed the Fraud Reduction and Data Analytics Act of 2015, requires these guidelines to remain in effect,

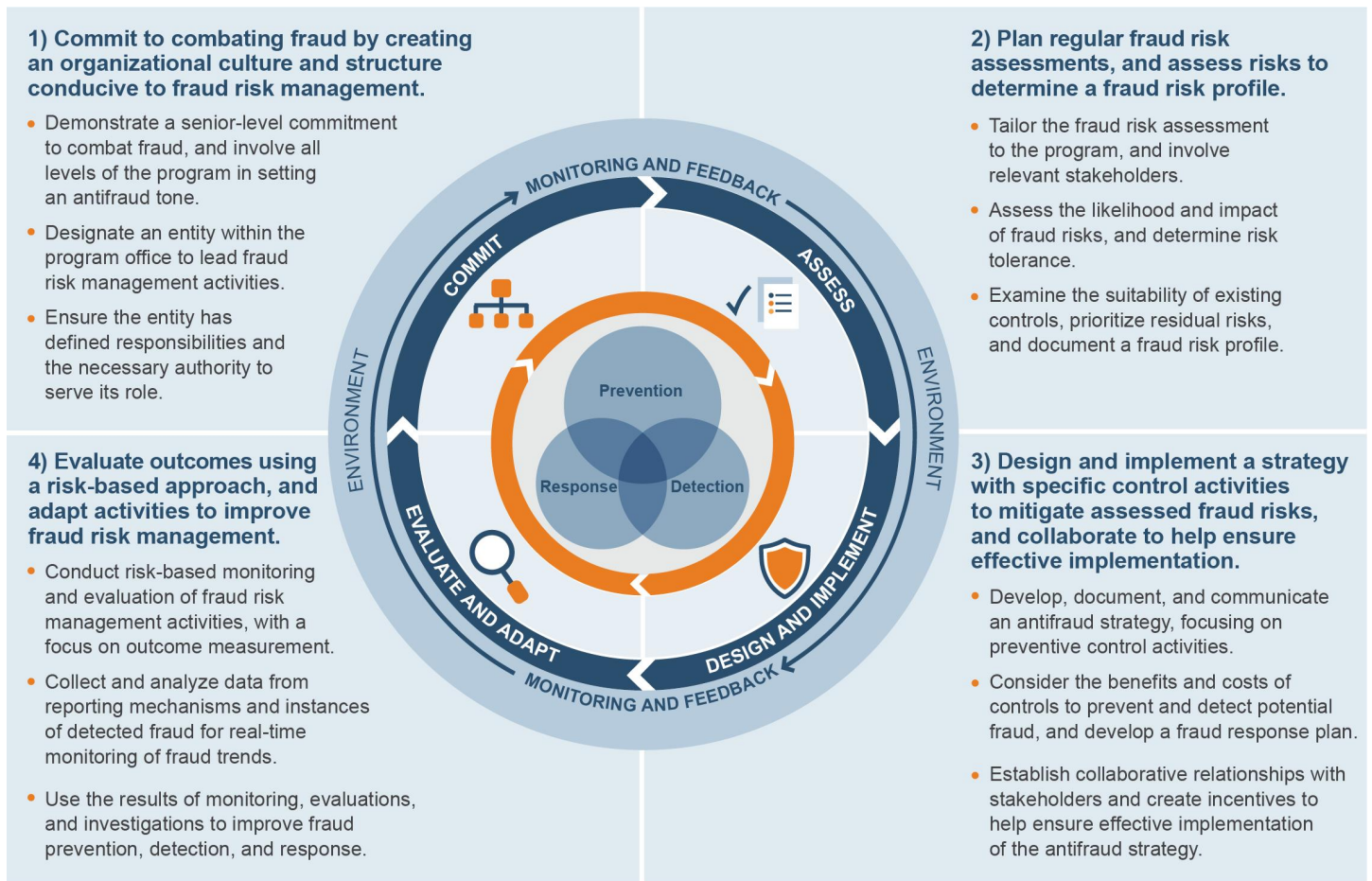
¹⁶For more information, see Office of Personnel Management, Office of the Inspector General, *Audit of the U.S. Office of Personnel Management's Federal Employees Health Benefits Program and Retirement Services Improper Payments Rate Methodologies* (Washington, D.C.: April 2020).

¹⁷[GAO-15-593SP](#).

¹⁸Pub. L. No. 114-186, 130 Stat. 546 (2016).

subject to modification by OMB as necessary and in consultation with GAO.¹⁹ As figure 1 shows, the Fraud Risk Framework describes leading practices within four components: commit, assess, design and implement, and evaluate and adapt.

Figure 1: The Four Components of the Fraud Risk Framework and Selected Leading Practices



Source: GAO. | GAO-23-105222

If implemented appropriately, these leading practices can help ensure that federal program managers and their stakeholders are able to meet their responsibilities for managing fraud risks. Specifically, the second component—assess—calls for program managers to plan regular fraud

¹⁹Pub. L. No. 116-117, § 2(a), 134 Stat. 113, 131 - 132 (2020), codified at 31 U.S.C. § 3357.

risk assessments and assess risks to determine a fraud risk profile. Specific leading practices associated with these concepts include

- identifying the range of inherent fraud risks affecting the program,²⁰
- assessing the likelihood and impact of inherent fraud risks, and
- documenting these risks in a fraud risk profile.

As discussed in the Fraud Risk Framework, managers who effectively assess fraud risks attempt to fully consider the fraud risks facing their program, analyze the potential likelihood and impact of fraud schemes, and then ultimately document prioritized fraud risks. The fraud risk profile documents the key findings and conclusions from the fraud risk assessment. The profile is an essential piece of an overall antifraud strategy and can inform the specific antifraud control activities that managers design and implement.

OPM Has Implemented Preventative Controls but Cannot Reasonably Ensure Ineligible Family Members Are Not Covered in FEHB Enrollments

OPM Recently Implemented Preventative Controls

OPM recently implemented control activities designed to prevent ineligible family members from being covered in the FEHB program. As mentioned, from the FEHB program's inception in 1960, OPM has delegated responsibility to employing offices to make family member eligibility determinations, but did not require employing offices to review documentation to verify family member eligibility during new hire, QLE, or open season enrollments.²¹ However, beginning in 2018, OPM put in place a new regulation and guidance that establish requirements and

²⁰Inherent fraud risk is the risk to an entity prior to considering management's response to the risk.

²¹During our review, each of the five selected employing offices we spoke with told us they did not verify family member eligibility during new-hire enrollments prior to OPM's April 2021 guidance, which required them to begin doing so, as described in greater detail below.

control activities designed to prevent ineligible family members from being covered in the FEHB program. Specifically:

- **Amended regulations.** In 2018, OPM published amended regulations stating that proof of family member eligibility must be provided to the FEHB health insurance carrier, employing office, or OPM upon request. These regulations also establish a process for the removal of individuals who are not found to be eligible.²² Pursuant to these regulations, employing offices and FEHB carriers may—but are not required to—request proof of family member eligibility at any time for existing participants.
- **Guidance to employing offices.** In April 2021, OPM issued guidance to federal employing offices that required them to begin verifying family member eligibility for new-hire and QLE enrollments by July 2021.²³ However, this guidance does not require employing offices to verify family member eligibility during the annual open season, as described in greater detail below.²⁴ Employing offices remained responsible for processing all changes in enrollment that affect premium withholdings, such as changes from “Self Plus One” to “Self and Family.”
- **Guidance to FEHB carriers.** Also in April 2021, OPM issued guidance to the FEHB carriers that requires them to obtain proof of family member eligibility when adding family members to an existing “Self and Family” plan.²⁵ For example, if an employee wants to add a child to an existing “Self and Family” plan, the FEHB carrier must obtain proof of the child’s eligibility—such as a birth certificate—before adding the child to the “Self and Family” plan.

OPM’s 2021 guidance to employing offices and carriers also outlines what documents may be used as proof of eligibility. For example, a government-issued marriage certificate may be used as proof of

²²83 Fed. Reg. 3059 (Jan. 23, 2018).

²³Office of Personnel Management, *Family Member Eligibility Verification for Federal Employees Health Benefits Program Coverage*, Benefits Administration Letter 21-202 (April 15, 2021).

²⁴Open season is an annual opportunity for FEHB members to make enrollment changes to their FEHB coverage.

²⁵Office of Personnel Management, *Family Member Eligibility Verification for Federal Employees Health Benefits Program Coverage*, Federal Employees Health Benefits Program Carrier Letter 2021-06 (April 15, 2021).

marriage, and a government-issued birth certificate may be used to add coverage to a biological child under the age of 26. Proof of eligibility is also required for other FEHB family members such as common-law spouses, adopted children, foster children, and children over the age of 26 who are incapable of self-support because of a mental or physical disability.

OPM's 2021 guidance to employing offices also discusses the process for an employing office to request proof of family member eligibility and the actions the employing office must take based on an employee's response. Specifically, if an employing office determines that eligibility documents are insufficient, it must provide the employee with a written notice of its initial decision, with an explanation of the decision, and provide notice of the right to a reconsideration of the employing office's initial decision.

According to OPM's 2021 guidance and OPM officials, employing offices may—but are not required to—verify family member eligibility during the FEHB open season. Similarly, FEHB health insurance carriers are not required to verify family member eligibility during open season. Officials from OPM told us that verifying eligibility during the approximately 4 to 5 week open season was currently not feasible because of the high number of enrollment transactions that occur during the period.

We recognize the challenge of verifying eligibility during open season. However, we also note that beyond not verifying family members' eligibility during open season, OPM has not required employing offices or carriers to verify eligibility since the program's inception in 1960, emphasizing the need for a monitoring mechanism to identify and remove ineligible members from the FEHB program, as we discuss later in this report.

OPM Cannot Reasonably Ensure Employing Offices and Carriers are Preventing Ineligible Family Members from Being Covered in FEHB

Since OPM's April 2021 guidance was put into effect, OPM has not designed or implemented monitoring mechanisms to ensure employing offices and insurance carriers are complying with the guidance's requirements to verify the eligibility of family members for new-hire and QLE enrollments. OPM officials told us they do not have the funding

necessary to perform monitoring of employing offices or carriers and have no plans to conduct this monitoring in the future.

Standards for Internal Control in the Federal Government states that management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.²⁶ Without monitoring employing offices and insurance carriers' implementation of its new guidance, OPM cannot have reasonable assurance that employing offices and carriers are implementing control activities to prevent FEHB coverage of ineligible family members.

We found that not all employing offices are implementing such control activities. Specifically, our interviews with five employing offices found that one employing office within a cabinet-level department was not reviewing family member eligibility for all new-hire or QLE enrollments as OPM's guidance requires. Officials from this employing office cited the large number of transactions and technology issues as challenges to complying with OPM's guidance. Officials from this employing office told us that OPM was aware of their noncompliance and that they were working toward complying with the OPM requirements in the future. Officials from the other four employing offices we interviewed stated that they were following the eligibility verification requirements for new-hire and QLE coverage outlined in OPM guidance. Officials from each of the carriers we met with told us that they verified family member eligibility when an individual was added to existing "Self and Family" enrollments, as required by the 2021 carrier letter.

However, as with employing offices, OPM does not conduct monitoring to verify that the health insurance carriers are properly and consistently verifying individuals' eligibility. While the example of employing office noncompliance we identified is not generalizable to all employing offices, it nonetheless highlights how OPM monitoring could help ensure all offices and carriers implement required control activities for preventing ineligible family members from being covered in the FEHB program.

Without monitoring the population of FEHB employing offices and carriers responsible for verifying family members' FEHB eligibility during a new hire or QLE, OPM cannot be certain of how many employing offices and carriers are not meeting OPM's eligibility verification requirements because of information technology or staffing limitations, high transaction

²⁶[GAO-14-704G](#)

volume, or other reasons. Unless OPM establishes a mechanism to monitor employing offices and carriers to ensure they are implementing requirements to verify family members' eligibility, the FEHB program may continue to be vulnerable to improper payments resulting from ineligible family member participation in FEHB.

OPM Relies on Limited Efforts to Identify and Remove Ineligible Family Members with FEHB Coverage

OPM's amended regulations and guidance establish a process for removing ineligible family members from the FEHB program, and OPM relies on limited efforts by employing offices and FEHB health insurance carriers to identify and remove ineligible family members. However, OPM officials told us the agency itself does not monitor—and does not plan to begin regularly monitoring—family members who already have FEHB coverage to identify and remove those who are ineligible from the program. As described previously in this report, in January 2018, OPM published amended regulations that require enrollees to submit proof of family member eligibility to employing offices or carriers upon request. These regulations also provide a process for removing ineligible family members from the FEHB program. OPM has also issued guidance to employing offices that details the process for removing ineligible family members from the FEHB program.²⁷ Pursuant to these regulations and the OPM guidance, employing offices and FEHB carriers may—but are not required to—request proof of family member eligibility at any time for existing participants.

Officials from the five selected employing offices we spoke with told us that they perform limited activities to identify and remove ineligible family members from the FEHB program. Specifically, officials from each of these five selected employing offices told us they do not regularly perform any ongoing monitoring or eligibility verification for currently participating family members. Instead, these officials noted that they might discover ineligible family members when employees make coverage changes that reveal ineligible family members who are currently covered or when notified by an employee. For example, if an employee tries to enroll a new

²⁷Office of Personnel Management, *Removal of Ineligible Family Members from Enrollments*, Benefits Administration Letter 20-203 (Nov. 5 2020).

spouse, the employing office might discover that the employee never removed their ex-spouse from their plan; in this way, the employing office would discover the ineligible family member at the time of the coverage change. During this review, officials from OPM and some of the employing offices we spoke with acknowledged that relying on tips or enrollment changes to discover ineligible family members creates a risk that family members will continue to be covered even after they are ineligible, resulting in improper payment vulnerabilities in the FEHB program.²⁸

Similarly, officials from each of the five FEHB insurance carriers we spoke with told us they perform limited activities to identify and remove ineligible family members from the FEHB program. For example, officials from each of the five carriers told us they perform regular monitoring to identify family members who become ineligible when they turn 26 years old. At the same time, officials from each of the five carriers told us they do not monitor members for ineligibility due to divorce, stating they rely on enrollees to inform them about their divorces. These responses from the employing offices and carriers are not generalizable to their respective universes. However, they highlight control weaknesses that could heighten the risk that ineligible members remain in the FEHB program undetected. As described below, the potential costs associated with this risk are considerable.

OPM does not have a precise estimate of how many ineligible members exist and at what cost to the program. OPM officials told us they recognize ineligible individuals may be covered in FEHB, and information from OPM indicates the cost savings from performing a DEVA for all existing family members to be in the estimated range of \$360 million to

²⁸Officials from OPM and some employment offices we spoke with noted that employees may retain ex-spouses on their plans out of confusion, rather than as an act of fraud. For example, employees may receive a court order to continue health insurance coverage for their ex-spouse as part of their divorce. Employees might incorrectly interpret the court order to indicate that they are allowed to keep their ex-spouse covered in the FEHB program as a dependent. However, OPM officials stated this is not permitted, even with a court order.

about \$1 billion.²⁹ According to OPM officials, these estimated cost savings would generally be an avoidance of future claims costs as opposed to current return of actual dollars. As mentioned, FEHB premiums paid by the government and enrollees are intended to cover members' health care costs (including claims), plans' administrative expenses, and other costs. Thus, these estimates would represent savings to the federal government and enrollees who pay FEHB premiums.

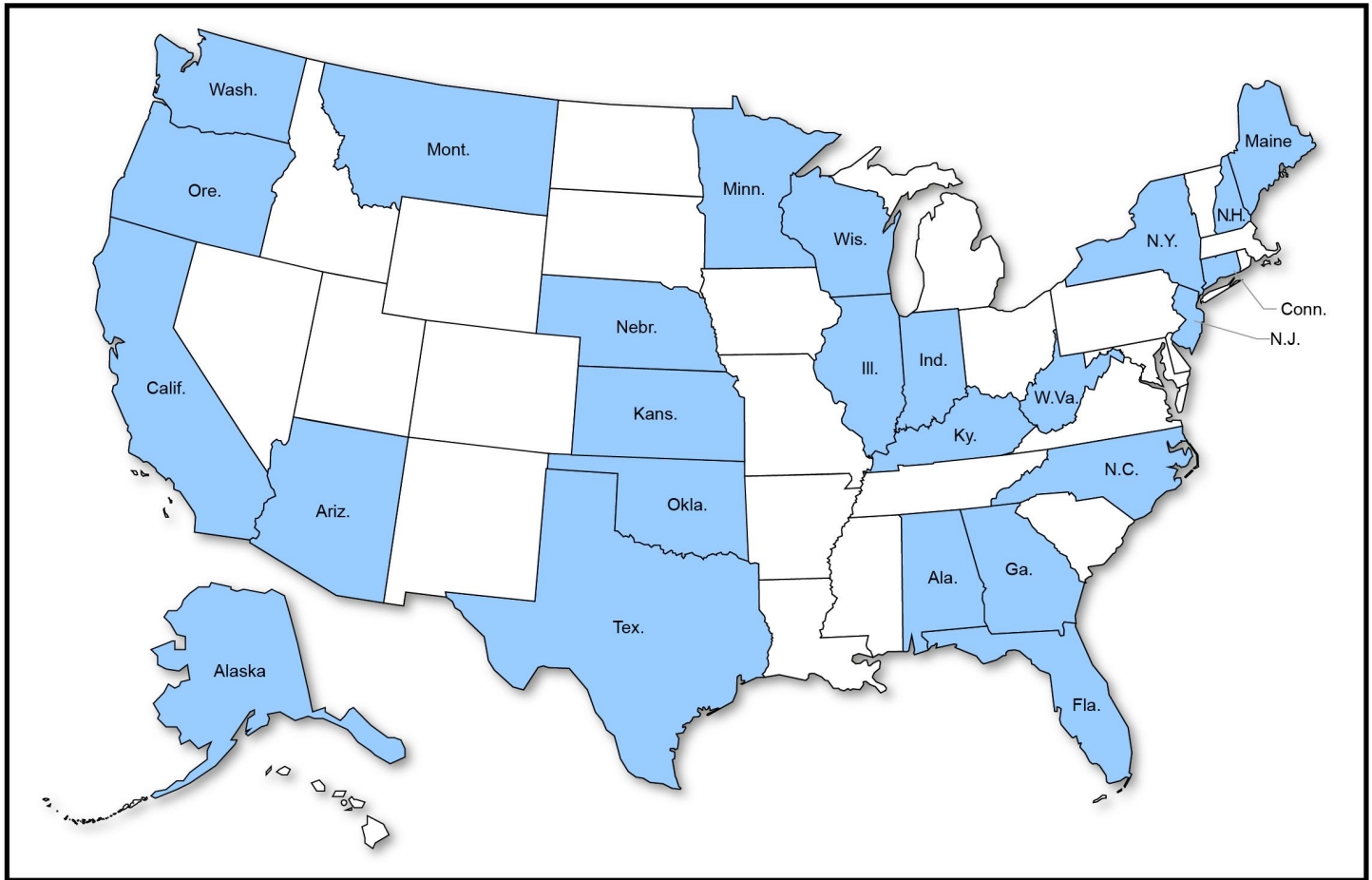
OPM officials told us that in 2014 they explored performing a DEVA for the FEHB program as a monitoring control activity. However, OPM subsequently decided not to pursue a DEVA, citing the need to establish regulations providing it the authority to remove any ineligible family members identified by such an audit, among other issues. After publishing amended regulations in 2018 (as described above), OPM explored auditing a sample of members for continued eligibility. However, OPM ultimately did not pursue a request for funding to complete this work, which was never initiated due to competing priorities, according to OPM officials.

During our review, OPM officials told us they believed performing a one-time audit of all FEHB members was not feasible given the size and scope of the FEHB program population. We recognize the challenge of performing a one-time audit of all FEHB members given the size and scope of the FEHB program population. However, we also note that DEVAs may be structured with different scopes and methodologies, such as auditing samples of the population over several years, rather than attempting to audit the entire population all at once. For example, during our review we identified 25 states that have conducted or announced

²⁹As previously mentioned, a DEVA is an audit designed to verify the eligibility of currently covered dependents, such as spouses and children. Typically the entity conducting the DEVA requests that enrollees provide marriage certificates, birth certificates, or other documents to demonstrate eligibility. GAO did not independently verify the accuracy of OPM's estimate. OPM notes this estimate has limitations, including that it did not take into account the cost of the audit and that the cost data averages derived from this estimate are from one health care provider and may not represent cost data averages for the entire FEHB program. These limitations may result in an underestimate or overestimate of cost savings. OPM's OIG estimates the cost of ineligibles at between \$250 million and \$3 billion annually. OPM has stated it believes the OPM OIG's estimate is too high, in part because of the cost of certain family members. GAO did not independently verify the accuracy of the OIG estimate.

plans to conduct a DEVA for their respective state healthcare insurance programs (see fig. 2 below).³⁰

Figure 2: Examples of States That Have Performed or Announced a Dependent Eligibility Verification Audit (DEVA) for a State Health Insurance Program (1992–2022)



Examples of states that have performed or announced a Dependent Eligibility Verification Audit for a State Health Insurance Program

Source: GAO analysis of state employee health benefit data and Map Resources. | GAO-23-105222

Note: Additional states may have monitored or announced plans to monitor dependent eligibility in their state health program that are not included in this review. Additional information on our methodology for reviewing these DEVAs appears in appendix I.

³⁰Additional states may have monitored or announced plans to monitor dependent eligibility in their state health program that are not included in this review. Additional information on our methodology for reviewing these DEVAs appears in appendix I.

These state DEVAs used varying scopes and methodologies to verify family member eligibility. Some states performed one-time audits of the entire member population, while other states audited samples of the population over several years. For example:

- In 2018, Florida's State Group Health Insurance Program contracted with a third party audit vendor that conducted a DEVA requesting verification for all participating dependents. The audit identified 3 percent of the dependent population as ineligible for coverage. Based on a detailed claims analysis, the annual cost avoidance to the State Group Health Insurance Program was estimated at \$20.4 million.
- In 2015, the California Public Employees' Retirement System conducted an audit. The system requires all employees to reverify dependents every 3 years based on the dependent's birth month. After its audit, the California retirement system removed 2.6 percent of dependents because of ineligibility and estimated it saved nearly \$122 million.
- In 2020, the Kansas State Employee Health Plan contracted with a third party audit vendor that conducted a DEVA using two sample groups. According to the final report, the DEVA included (1) a statistically valid sample of 200 employees with dependents, and (2) a targeted sample of 200 employees with dependents who had medical or prescription drug claims during the audit period. The Kansas State Employee Health Plan found that of the 400 employees sampled, 348 (87 percent), provided documentation of their dependents' eligibility.³¹

We asked OPM officials whether they were pursuing funding for a DEVA with a different scope, such as auditing samples of the population over several years—similar to some state DEVAs we reviewed—rather than attempting to audit the entire population all at once. In response, the officials told us they did not plan to pursue funding for a DEVA—whether on a one-time basis or a smaller, sample basis—due to alternative funding priorities. Specifically, OPM officials told us they were focusing instead on developing and pursuing funding for the Government-wide Enrollment and Member Support (GEMS) program to centralize the enrollment process, rather than establishing mechanisms to monitor current member eligibility. OPM officials told us they believe focusing on

³¹Employees who did not verify their dependents' eligibility either did not respond or failed to submit sufficient paperwork. The names of the employees with dependents not verified were provided to State Employee Health Plan Membership Services for review. The findings report we reviewed did not include information on cost savings stemming from this DEVA.

acquiring GEMS is a better use of funds, which would allow for a centralized enrollment process and OPM oversight of eligibility verification.

However, we reviewed documentation related to OPM's plans for GEMS and found no evidence that this project would establish a monitoring mechanism as called for by the *Standards for Internal Control in the Federal Government*. We also found no indication it would identify ineligible family members for removal from the FEHB program. Further, as of March 2022 OPM had not established a date for completing the development of GEMS and was in the process of determining how to fund the project. This raises questions as to when OPM will begin and finish its work on GEMS.

As previously mentioned, *Standards for Internal Control in the Federal Government* states that management should establish and operate activities to monitor the internal control system and evaluate the results.³² In doing so, management should monitor the internal control system through ongoing monitoring and separate evaluations, such as audits. These standards note that audits and other evaluations may be performed by internal auditors, external auditors, or other external reviewers. Many of the states we identified as having conducted or announced plans to conduct a DEVA for their state health insurance program performed this work through external auditors or other external reviewers, indicating this approach might also be an option for OPM.

Standards for Internal Control in the Federal Government also states that management should remediate identified internal control deficiencies on a timely basis. As mentioned, OPM recognizes that ineligible family members may be covered in the FEHB program. Further, the risk posed by ineligible family members—and the corresponding need to put in place a monitoring mechanism to identify and remove ineligible family members—is heightened by the fact that OPM does not require employing offices and carriers to verify family member's eligibility during open season. Previously, OPM did not require employing offices or carriers to verify family member eligibility since the program's inception. For example, as discussed above, each of the five selected employing offices we spoke with told us they did not verify eligibility for family members of new hires prior to the OPM requirement to do so in 2021.

³²[GAO-14-704G](#)

The longer OPM delays its efforts to establish a monitoring mechanism to identify and remove ineligible members from FEHB, the more ineligible members and related improper payments in the program may continue to accrue, costing the program millions, or up to approximately one billion dollars per year according to OPM's own estimate. Further, these ineligible members could file insurance claims, leading to potentially higher premium costs for the federal government and FEHB enrollees in future years.

OPM's Fraud Risk Assessment Does Not Include Fraud Risks Related to Ineligible Members in FEHB

As part of managing fraud risks, the Fraud Risk Framework calls on federal managers to plan regular fraud risk assessments that are tailored to the program and assess risks to determine the program's fraud risk profile.³³ Specific leading practices associated with these concepts include

- identifying the range of inherent fraud risks affecting the program;
- assessing the likelihood and impact of inherent fraud risks; and
- documenting these risks in the fraud risk profile.

Consistent with these leading practices, OPM performs an annual fraud risk assessment and has documented a fraud risk profile for the FEHB program that includes inherent fraud risks affecting the program, as well as the likelihood and impact of those inherent fraud risks. For example, in fiscal year 2020, OPM conducted a fraud risk assessment and subsequently documented a fraud risk profile for the FEHB program. OPM's fiscal year 2020 fraud risk profile identified three inherent fraud risks facing the FEHB program, all of which relate to fraud by providers. The specific risks identified are: (1) providers billing for tests or services not covered or not performed; (2) providers overbilling for services performed; and (3) providers falsifying a patient's diagnosis. Based on this fraud risk assessment and profile, OPM determined that the FEHB program's overall fraud risk was low.

³³[GAO-15-593SP](#)

However, OPM's fiscal year 2020 fraud risk assessment and profile did not include ineligible members as an inherent fraud risk. OPM's OIG has noted that identifying ineligible family members is often difficult and that fraud, waste, and abuse can occur over years before being discovered. Moreover, OPM's OIG has documented cases of fraud associated with ineligible members in the FEHB program, further underscoring the need for OPM to assess the risk of fraud in the program such members pose and ensure it has antifraud controls to mitigate this risk. Some examples of fraud involving ineligible FEHB members from OIG reports are noted below:

- An FEHB program enrollee submitted altered official court documents when removing an ex-spouse and adding a new spouse to the enrollee's FEHB insurance plan. The altered document indicated that the enrollee divorced their ex-spouse in January 2017 when in fact they had divorced in April 1993. The FEHB program paid more than \$150,000 in claims on behalf of the ex-spouse over the 14 years of ineligible coverage. In June 2019, the enrollee pleaded guilty to making false statements.
- A federal employee fraudulently covered two individuals purported to be the employee's wife and stepchild in the FEHB program. The individuals were ineligible and remained on FEHB health insurance from January 2005 to January 2017. The FEHB program paid claims totaling more than \$100,000 on behalf of the ineligible individuals. The employee pleaded guilty and was sentenced to 24 months of supervised release.
- A federal employee added multiple ineligible individuals as family members to an FEHB program health insurance plan. The FEHB program paid more than \$12,000 for services provided to these ineligible individuals. In February 2018, the employee and a codefendant were indicted for making false statements relating to health care matters, as well as aiding and abetting the same. In July 2018, the employee pleaded guilty, and in April 2019 was sentenced to 3 years of probation and ordered to pay more than \$12,000 in restitution.

The OPM OIG's work demonstrating fraud in the FEHB program, and OPM's acknowledgement that not verifying eligibility for current members carries fraud risk, indicates that OPM has identified ineligible members as an inherent fraud risk. However, when asked, OPM officials could not explain to us why OPM's fraud risk profile did not include an assessment of the likelihood and impact of ineligible FEHB members. Until OPM

assesses the likelihood and impact of the fraud risk of ineligible FEHB members and documents its assessment in a fraud risk profile, it cannot support its determination that the FEHB program is at a low risk of fraud, and the FEHB program may remain vulnerable to the fraud risk associated with ineligible members.

Conclusions

The FEHB program is the largest employer-sponsored group health insurance program in the country, providing coverage for over 8.2 million members at a cost of approximately \$59 billion in fiscal year 2021. OPM has the overall responsibility for administering the FEHB program and for ensuring only eligible family members receive coverage. However, the size of the program and diffuse administrative structure make that task challenging, and pose risks for potential fraud, as OPM relies on over 160 employing offices and multiple insurance carriers to ensure eligibility requirements are enforced for millions of federal employees, retirees, and their family members.

In 2021, OPM began requiring that employing offices and insurance carriers verify family members' eligibility for new-hire and QLE transactions—an important step in mitigating improper payments, including those resulting from fraud, in the FEHB program. However, OPM cannot reasonably ensure that employing offices and insurance carriers are verifying family members' eligibility as required. Unless OPM establishes a mechanism to monitor employing offices and carriers to ensure that such verification occurs, the FEHB program may continue to be vulnerable to improper payments resulting from ineligible family members' participation in FEHB.

Further, OPM recognizes ineligible individuals are likely participating in FEHB. However, it does not have a monitoring mechanism in place to identify and remove ineligible members from the program. Without such a mechanism in place, the more ineligible participants and related improper payments in the program may continue to accrue, costing the program millions.

OPM performs an annual fraud risk assessment of the FEHB program. However, it has not assessed fraud risks associated with ineligible members in a manner consistent with leading practices. OPM recognizes that the size and scope of the program, and the lack of monitoring for dependent eligibility for current members, carries a risk for improper

payments and fraud. However, OPM has not assessed the likelihood and impact associated with coverage of ineligible family members in the FEHB fraud risk assessment and profile. Until OPM assesses the likelihood and impact of ineligible FEHB members and documents its assessment in a fraud risk profile, it cannot support its determination that the FEHB program is at low risk of fraud. As a result, the FEHB program may remain vulnerable to the fraud risk associated with ineligible members.

Recommendations for Executive Action

We are making the following four recommendations to OPM:

The Director of OPM should implement a monitoring mechanism to ensure employing offices and carriers are verifying family member eligibility as required by OPM's 2021 guidance. (Recommendation 1)

The Director of OPM should implement a monitoring mechanism to identify and remove ineligible family members from the FEHB program. (Recommendation 2)

The Director of OPM should assess the likelihood and impact of the fraud risk related to ineligible FEHB members. (Recommendation 3)

The Director of OPM should document its assessment of the fraud risk related to ineligible members in its fraud risk profile for the FEHB program. (Recommendation 4)

Agency Comments and Evaluation

We provided a draft of this report to OPM for review and comment. In its written comments, reproduced in appendix II, OPM concurred with three of the four recommendations and partially concurred with one recommendation. OPM also provided technical comments, which we incorporated as appropriate.

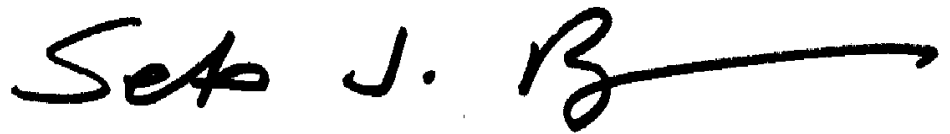
OPM partially concurred with our first recommendation to implement a monitoring mechanism to ensure employing offices and FEHB carriers are verifying family member eligibility as required by OPM's 2021 guidance. In its comments, OPM identified steps it has taken to ensure that its 2021 guidance is consistently followed. This included surveying

agencies and carriers related to verification practices and providing training. At the same time, OPM agreed that further monitoring through comprehensive audit may be appropriate. The steps described in OPM's comments are positive actions to help ensure compliance. However, as OPM acknowledged, it may need to take additional action to implement a monitoring mechanism to ensure employing offices and FEHB carriers are verifying family member eligibility going forward. As such, we believe this recommendation is still warranted.

If you or your staff have any questions about this report, please contact me at (202) 512-6722 or BagdoyanS@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

Letter

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the appropriate congressional committee and the Director of OPM. In addition, the report will be available at no charge on the GAO website at <https://www.gao.gov>.

A handwritten signature in black ink that reads "Seto J. Bagdoyan". The signature is written in a cursive style with a long horizontal stroke extending to the right from the end of the name.

Seto J. Bagdoyan
Director, Audit Services
Forensic Audits and Investigative Service

Appendix I: Objectives, Scope, and Methodology

This report discusses the extent to which (1) the Office of Personnel Management (OPM) has implemented control activities to prevent ineligible family members from being covered in Federal Employees Health Benefits (FEHB) program enrollments; (2) OPM has implemented control activities to identify and remove ineligible family members with FEHB coverage; and (3) OPM's fraud risk assessment for the FEHB program includes fraud risks related to ineligible FEHB members.¹

As part of this work, we determined that internal controls were significant to our first and second objectives. Specifically, the monitoring component of internal control—along with the related principles that (1) management should establish and operate monitoring activities to monitor the internal control system and evaluate the results, and (2) management should remediate identified internal control deficiencies—as outlined in *Standards for Internal Control in the Federal Government*, were significant to our first and second objectives.² To assess relevant control activities in both objectives, we reviewed federal regulations and OPM guidance. We also interviewed officials and reviewed relevant documentation from OPM, OPM's Office of the Inspector General (OIG), federal employing offices, FEHB health insurance carriers, and others, as described in greater detail below.

For our first two objectives, we conducted interviews with officials from OPM, five employing offices, and five FEHB health insurance carriers. To obtain views from offices of differing employee size, for our interviews with five employing offices we randomly selected one employing office each within two cabinet level departments, one employing office of a large independent federal agency, one employing office of a medium independent federal agency, and one employing office of a small

¹ In this report, we use the term "members" to refer to federal employees, retired federal employees, other eligible individuals, and their eligible family members with health coverage in the FEHB program.

²GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

independent federal agency, as defined by OPM's list of federal agencies.³ For our interviews with FEHB health insurance carriers, we selected a non-probability sample of five FEHB carriers that had at least 1 percent of total FEHB employee and retiree enrollment as of October 2021. The five carriers we interviewed represented a combined total of approximately 87 percent of FEHB employee and annuitant enrollment at the time of our selection.⁴ While the statements from the selected employing offices and carriers we spoke with are not generalizable to their entire populations, they provided specific information about their FEHB responsibilities and operations. We also reviewed relevant documentation, such as OPM regulations, FEHB guidance and instructions for employing offices and health insurance carriers, and OPM's FEHB handbook.

For our second objective, we reviewed additional documentation, including final audit reports on dependent eligibility verification audits (DEVAs) performed by states as a control activity to identify and remove ineligible family members covered under state health benefit programs.⁵ To identify examples of states that have performed or announced DEVAs, we sent out an inquiry to the National Association of State Auditors requesting information on this topic. We also performed web searches and reviewed state auditor websites for all 50 states. However, additional states may have monitored or announced plans to monitor dependent eligibility in their state health programs that are not included in this review because, for example, these states did not provide us information on those efforts or it was not published on the internet or State Auditor websites.

As part of this work, we also interviewed three of the six vendors we identified that contracted with these state health benefit programs to

³OPM maintains a publicly available list of federal agencies and employment numbers on its website that we used to select employing offices. OPM defines large independent agencies as those having more than 1,000 employees, medium independent agencies as those having between 100 and 999 employees, and small independent agencies as those having less than 100 employees.

⁴This percentage does not include family member enrollment.

⁵A dependent eligibility verification audit (DEVA) is an audit designed to verify the eligibility of enrollees' dependents, such as spouses and children. Typically, the entity conducting the DEVA requests that enrollees provide marriage certificates, birth certificates, or other documents to demonstrate eligibility.

conduct the DEVAs we reviewed. We attempted to meet with all six vendors we identified as having conducted DEVAs, but three either declined or did not respond to our request for a meeting. For our first and second objectives, we also assessed the extent to which OPM's responses and documents aligned with principles in *Standards for Internal Control in the Federal Government*—specifically those principles related to designing and developing monitoring mechanisms and remediating internal control deficiencies.⁶

For our third objective, we analyzed OPM's fraud risk assessment and interviewed agency officials. We assessed the extent to which OPM's fraud risk assessment for the FEHB program aligned with relevant leading practices in GAO's *A Framework for Managing Fraud Risks in Federal Programs* - specifically those leading practices related to identifying and assessing risks to determine the program's fraud risk profile.⁷

We conducted this performance audit from May 2021 to December 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁶GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

⁷We selected leading practices from the Fraud Risk Framework's second component that are most relevant to this objective based on our review of OPM documents and discussions with OPM staff. GAO, *A Framework for Managing Fraud Risks in Federal Programs*, [GAO-15-593SP](#) (Washington, D.C.: July 2015).

Appendix II: Comments from the Office of Personnel Management



Healthcare and
Insurance

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

November 7, 2022

Mr. Seto J. Bagdoyan
Director
Forensic Audits & Investigative Service
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Bagdoyan:

Thank you for providing the U.S. Office of Personnel Management (OPM) the opportunity to respond to the U.S. Government Accountability Office (GAO) draft report, *Federal Employee Health Benefits Program: Additional Monitoring Mechanisms and Fraud Risk Assessment Needed to Better Ensure Member Eligibility*, GAO-23-105222, GAO job code number 105222.

Responses to your recommendations are provided below. In addition, technical comments are provided.

Recommendation #1: The Director of OPM should implement a monitoring mechanism to ensure employing offices and carriers are verifying family member eligibility as required by OPM's 2021 guidance.

Management Response: Partially concur.

OPM agrees with GAO's statement that OPM should implement a monitoring mechanism to ensure employing offices and carriers are verifying family member eligibility as required by OPM's 2021 guidance. However, OPM has already taken steps to ensure that guidance is consistently followed by surveying agencies and carriers related to verification practices and providing ongoing requirements training to carriers and agencies. It is also important to note that OPM continues to perform monitoring activities based on availability of current funding and staffing levels.

Since the issuance of OPM's verification guidance in April of 2021, OPM met with and provided both specific and general training and follow-up guidance to multiple stakeholders. This included several different formal trainings for agency benefits personnel, payroll providers, enrollment systems and insurance carrier enrollment staff. OPM also issued a data call in February 2022 to assess the implementation of guidance by the FEHB Carrier Enrollment Process Improvements Core Group (EPIC), the Agency Benefits Officers (ABO) Collaboration Group, and the Enrollment Systems Collaboration Group. Analysis of responses to this data call allowed OPM to coordinate with individual agencies and carriers who were not completely or

**Appendix II: Comments from the Office of
Personnel Management**

Mr. Bagdoyan

Page 2

correctly complying with issued guidance and coordinate plans for improvement. OPM notes that of the agencies GAO spoke with, the single agency that reported non-compliance with guidance, confirmed that OPM was aware of and working with the agency to resolve the issue.

OPM continues to leverage existing working groups, training opportunities and knowledgeable internal staff to perform these monitoring functions. OPM agrees that further monitoring through comprehensive audit may be appropriate.

Recommendation #2: The Director of OPM should implement a monitoring mechanism to identify and remove ineligible family members from FEHB.

Management Response: Concur.

OPM plans to implement internal procedures to identify potential ineligible family members using the limited data available in the recently developed Master Enrollment Index. Procedures will include analysis of enrollment data to identify potential ineligible family members in certain scenarios as possible and follow-up with agencies. A Governmentwide Enrollment and Member Support (GEMS) portal, which OPM has proposed, is an effective way to standardize family member review for the entire Program. OPM is seeking authority to fund information technology developments such as GEMS through changes to mandatory funding definitions.

Recommendation #3: The Director of OPM should assess the likelihood and impact of the fraud risk related to ineligible FEHB members.

Management Response: Concur.

OPM will assess the likelihood and impact of the fraud risk related to ineligible FEHB members as part of the development of our fraud risk profile.

Recommendation #4: The Director of OPM should document its assessment of the fraud risk related to ineligible members in its fraud risk profile for the FEHB program.

Management Response: Concur.

OPM will document its assessment of the fraud risk related to ineligible members as part of the development of our fraud risk profile.

**Appendix II: Comments from the Office of
Personnel Management**

Mr. Bagdoyan

Page 3

I appreciate the opportunity to respond to this draft report. If you have any questions regarding our response, please contact Mr. Mark Lambert, Associate Director, Merit System Accountability & Compliance, (202) 606-2980, Mark.Lambert@opm.gov.

Sincerely,

LAURIE
BODENHEIMER

Digitally signed by
LAURIE BODENHEIMER
Date: 2022.11.07
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Laurie E. Bodenheimer
Associate Director,
Healthcare and Insurance

Agency Comment Letter

Text of Appendix II: Comments from the Office of Personnel Management

November 7, 2022

Mr. Seto J. Bagdoyan
Director
Forensic Audits & Investigative Service
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Bagdoyan:

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Management Response: Concur.

OPM will assess the likelihood and impact of the fraud risk related to ineligible FEHB members as part of the development of our fraud risk profile.

Recommendation #4: The Director of OPM should document its assessment of the fraud risk related to ineligible members in its fraud risk profile for the FEHB program.

Management Response: Concur.

**Appendix II: Comments from the Office of
Personnel Management**

OPM will document its assessment of the fraud risk related to ineligible members as part of the development of our fraud risk profile.

I appreciate the opportunity to respond to this draft report. If you have any questions regarding our response, please contact Mr. Mark Lambert, Associate Director, Merit System Accountability & Compliance, (202) 606-2980, Mark.Lambert@opm.gov.

Sincerely,

Laurie E. Bodenheimer
Associate Director, Healthcare and Insurance

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Seto J. Bagdoyan, (202) 512-6722 or bagdoyans@gao.gov

Staff Acknowledgments

In addition to the contact named above, Jonathon Oldmixon (Assistant Director), Scott Clayton (Analyst in Charge), Daniel Silva, and Kaitlyn Brown made key contributions to this report. Other contributors include James Murphy and Andrew Stavisky.

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