



# governmentattic.org

*"Rummaging in the government's attic"*

Description of document: US Office of Personnel Management (OPM) records provided to Senator Charles E. Grassley and Senator Tom Coburn concerning the independence of Inspectors General necessary to promote efficiency and prevent fraud, waste and abuse in agency programs, in response to the Senators' inquiry, 2011-2012

Requested: 17-April-2012

Released date: 08-May-2012

Posted date: 04-July-2012

Source of document: Attention: FOIA Request  
U.S. Office of Personnel Management  
FOIA Requester Service Center  
1900 E Street, NW  
Room 5415  
Washington, D.C. 20415-7900  
Fax: (202) 606-1719  
Email: [foia@opm.gov](mailto:foia@opm.gov)

Note: This is one of several files on the same subject for various agencies available on governmentattic.org. See: <http://www.governmentattic.org/6docs/GrassleyCoburn.htm>

The governmentattic.org web site ("the site") is noncommercial and free to the public. The site and materials made available on the site, such as this file, are for reference only. The governmentattic.org web site and its principals have made every effort to make this information as complete and as accurate as possible, however, there may be mistakes and omissions, both typographical and in content. The governmentattic.org web site and its principals shall have neither liability nor responsibility to any person or entity with respect to any loss or damage caused, or alleged to have been caused, directly or indirectly, by the information provided on the governmentattic.org web site or in this file. The public records published on the site were obtained from government agencies using proper legal channels. Each document is identified as to the source. Any concerns about the contents of the site should be directed to the agency originating the document in question. GovernmentAttic.org is not responsible for the contents of documents published on the website.

From: Ruge, Susan L.  
Sent: Tuesday, May 08, 2012 3:50 PM  
Subject: FOIA Requests - OPM OIG

This is in response to a request that you submitted under the Freedom of Information Act (FOIA), dated April 17, 2012.

Attached is a zip file that contains the original response to the April 8, 2010, letter from Senators Grassley and Coburn (the two attachments to this letter are in separate documents), as well as each report submitted since that time.

Although we provided the document that you requested, we redacted certain information from it. If you wish to appeal the redactions in the document under FOIA, you should contact, in writing, Mr. J. David Cope, Assistant Inspector General for Legal Affairs, Room 6400, 1900 E Street, NW, Washington, DC 20415. Please include a copy of your initial request, a copy of this email denying a portion of the request, and a statement explaining why you disagree with our decision. You should write "Freedom of Information Act Appeal" on the front of the envelope and on the first page of the appeal letter.

Would you mind please emailing me to confirm that you received this email and all of the attachments?

Thank you,  
Susan

Susan L. Ruge | Attorney Advisor  
Office of the Inspector General | U.S. Office of Personnel Management  
1900 E Street, NW, Room 6400 | Washington, DC 20415-1100  
Direct: 202-606-2236 | Mobile: 202-603-8227 | Main: 202-606-1200  
Email: Susan.Ruge@opm.gov



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT  
Washington, DC 20415

Office of the  
Inspector General

June 30, 2010

The Honorable Charles E. Grassley  
Ranking Member  
Committee on Finance  
SD-219 Dirksen Senate Office Building  
Washington, DC 20510-6200

The Honorable Thomas A. Coburn  
Ranking Member  
Permanent Subcommittee on Investigations  
Homeland Security and Governmental Affairs Committee  
SD-340 Dirksen Senate Office Building  
Washington, DC 20510

Dear Senators Grassley and Coburn:

Reference is made to your letter, dated, April 8, 2010, requesting information on our oversight activities, specifically involving four issues.

First, has our agency resisted and/or objected to our oversight activities and/or restricted our access to information? No, we have had outstanding cooperation and support over the years with the Directors of the U.S. Office of Personnel Management (OPM) and their staffs. We continue to meet on a very frequent basis with the program offices and senior staff at OPM to discuss a variety of topics. In addition, the Director and his senior staff have on a number of occasions referred issues and allegations to our office, which resulted in our initiation of audits and investigations.

Second, a request for information on our investigations, evaluations, and audits closed between January 1, 2009 and April 30, 2010, which were not disclosed to the public. We have reported upon all of our audits in our IG semiannual reports to Congress, to the extent and manner required by the IG Act. While the semiannual reports contain narrative summaries of a number of our significant investigations, we have also enclosed a spread sheet (**Enclosure 1**) providing information about all of the investigations closed during the January 1, 2009 — April 30, 2010 period. We issued no evaluation reports during this timeframe. As requested, henceforth we will provide you this non-public information biannually (April 30th and October 31st, which coincides with the timing of our semiannual reports to Congress).

Third, a request to be advised immediately if any Federal official threatens and/or otherwise attempts to impede our ability to communicate to the Congress, whether it concerns our budget

or any other matter. As described in your letter, one of the members of my senior staff received the threat of retaliation and interference on January 4, 2010. I filed a complaint with the Office of White House Counsel and notified Congress of the threat. OMB then initiated an internal investigation of their program examiner's actions. On March 5, 2010, OMB's General Counsel briefed me and the Executive Council of the Council of Inspectors General for Integrity and Efficiency, as well as members of Congress, on the results of their internal investigation, which found that the OMB program examiner acted improperly in threatening our office. As requested by Investigative Assistant Brian Downey from your office, we will be providing him with a thorough briefing on this matter. If at any time in the future we receive a similar threat, we will notify you and other appropriate members of Congress immediately, as we did in this case.

Finally, a request for a copy of our outstanding recommendations that have not been fully implemented by our agency that was submitted to Representative Darrell Issa, Ranking Member, Committee on Oversight and Government Reform. We have enclosed (**Enclosure 2**) our response with attachments to Representative Issa, dated April 16, 2010.

In closing, I want to thank your staff for allowing an extension of time in order to provide you with a more thorough response to your request. If you have any questions, please feel free to contact me, at 202-606-1200, or someone from your staff may contact Deputy Inspector General Norbert E. Vint, at 202-606-1200.

Sincerely,



Patrick E. McFarland  
Inspector General

Enclosures





**OPM-OIG Office of Investigations**  
**Closed Investigation Disposition Summary**  
January 1, 2009 to April 30, 2010

No.	Case Number	Date Investigation Closed	Case Category	Allegation Category	Disposition Summary	Recovery to OPM
1	I 2008 00007	1/5/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 42,998.22
2	I 2008 00078	1/7/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Conviction with Monetary Recovery to OPM.	\$ 21,643.05
3	I 2008 00029	1/7/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 115,777.03
4	I 2007 00085	1/7/2009	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
5	I 2007 00004	1/7/2009	Retirement Fraud	Post-Death Annuity Theft	Pre-Trial Diversion of Three Suspects with Monetary Recovery to OPM.	\$ 60,427.68
6	I 2006 00065	1/15/2009	Health Care Fraud	Health Care Facility/False Insurance Claims	Civil Settlement with Monetary Recovery to OPM.	\$ 6,859.75
7	I 2008 00001	1/15/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Settlement with Monetary Recovery to OPM.	\$ 17,845.64
8	I 2006 00020	1/15/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM and SSA.	\$ 8,909.00
9	I 2008 00015	1/15/2009	Health Care Fraud	Beneficiary/Pharmaceutical Diversion	Criminal Conviction with Monetary Recovery to OPM.	\$ 5,654.62
10	I 2008 00064	1/16/2009	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
11	I 2008 00023	1/16/2009	Health Care Fraud	Health Care Facility/False Insurance Claims	Withdrew from Investigation Due to Minimal Financial Loss to the FEHBP. Investigation Continued by Other Agencies.	\$ -
12	I 2008 00134	1/26/2009	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute. Voluntary Payment Agreement Obtained from Subject.	\$ 126,171.00
13	I 2006 00126	1/27/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 130,449.80
14	I 2008 00024	1/29/2009	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
15	I 2008 00039	1/30/2009	Retirement Fraud	Post-Death Annuity Theft	Civil Settlement with Monetary Recovery to OPM.	\$ 4,365.00
16	I 2007 00053	2/3/2009	Health Care Fraud	Beneficiary/Pharmaceutical Diversion	DOJ Declined to Prosecute.	\$ -
17	I 2006 00049	2/10/2009	Retirement Fraud	Post-Death Annuity Theft	Civil Settlement with Monetary Recovery to OPM.	\$ 50,000.00
18	I 2007 00078	2/10/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 139,758.00
19	I 2008 00006	2/10/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 112,684.96
20	I 2008 00131	2/10/2009	Employee/Contractor Misconduct	Falsification of Work Product	Pre-Trial Diversion with No Monetary Recovery to OPM.	\$ -
21	I 2008 00067	2/13/2009	Health Care Fraud	Health Care Facility/False Insurance Claims	Civil Settlement of both Defendant and Relator with Monetary Recovery to OPM.	\$ 6,407.91
22	I 2008 00065	2/13/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Conviction with Monetary Recovery to OPM. Physician Debarred from the FEHBP.	\$ 313.00
23	I 2005 00019	2/13/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	DOJ Declined to Prosecute.	\$ -
24	I 2006 00089	2/13/2009	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
25	I 2009 00034	2/18/2009	Employee/Contractor Misconduct	Theft of OPM Money	Administrative Action of a 10-day Suspension Taken Against the OPM Employee.	\$ -
26	I 2008 00025	3/3/2009	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -

**OPM-OIG Office of Investigations**  
**Closed Investigation Disposition Summary**  
January 1, 2009 to April 30, 2010

No.	Case Number	Date Investigation Closed	Case Category	Allegation Category	Disposition Summary	Recovery to OPM
27	I 2008 00092	3/3/2009	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	Allegation Not Substantiated.	\$ -
28	I 2008 00102	3/11/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 55,439.87
29	I 2006 00121	3/11/2009	Health Care Fraud	Health Care Provider/Pharmaceutical Diversion	Criminal Conviction with No Monetary Recovery to OPM.	\$ -
30	I 2008 00045	3/12/2009	Retirement Fraud	Post-Death Annuity Theft	Allegation Not Substantiated.	\$ -
31	I 2003 00078	3/16/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Conviction with Monetary Recovery to OPM.	\$ 30,228.90
32	I 2006 00015	3/16/2009	Employee/Contractor Misconduct	Beneficiary/False Insurance Claims/Impersonation of Federal Employee	Criminal Conviction with No Monetary Recovery to OPM. OPM Employee Resigned.	\$ -
33	I 2009 00065	3/18/2009	Employee/Contractor Misconduct	Falsification of Work Product	Criminal Conviction with Monetary Recovery to OPM. OPM Employee Terminated.	\$ 4,262.26
34	I 2006 00144	3/20/2009	Employee/Contractor Misconduct	Theft of OPM Money	Criminal Conviction of Two Defendants with Monetary Recovery to OPM.	\$ 27,510.03
35	I 2003 00058	3/20/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM and SSA.	\$ 53,652.00
36	I 2006 00011	3/20/2009	Employee/Contractor Misconduct	Threat to OPM Employee	Allegation Not Substantiated.	\$ -
37	I 2007 00082	3/26/2009	Retirement Fraud	Post-Death Annuity Theft	Administrative Monetary Recovery to OPM.	\$ 251,072.20
38	I 2004 00017	3/26/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Settlement with Monetary Recovery to OPM and FEHBP Suspension.	\$ 42,000.00
39	I 2007 00072	3/26/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 94,151.00
40	I 2006 00145	3/26/2009	Health Care Fraud	Beneficiary/Pharmaceutical Diversion	Criminal Conviction with No Monetary Recovery to OPM. Employee Resigned.	\$ -
41	I 2005 00003	3/31/2009	Life Insurance Fraud	Beneficiary/False Insurance Claims	Allegation Not Substantiated.	\$ -
42	I 2008 00020	4/1/2009	Employee/Contractor Misconduct	Falsification of Work Product	Criminal Conviction with Monetary Recovery to OPM. Employee Resigned.	\$ 21,239.00
43	I 2009 00066	4/1/2009	Health Care Fraud	Beneficiary/Pharmaceutical Diversion	Voluntary Payment Agreement Obtained from Subject.	\$ 12,857.00
44	I 2008 00116	4/9/2009	Retirement Fraud	Post-Death Annuity Theft	Erroneous Distribution of Post-Death Annuity by a Financial Institution. OPM to Initiate Administrative Collection Action.	\$ -
45	I 2009 00061	4/15/2009	Retirement Fraud	Post-Death Annuity Theft	Post-Death Annuity Monetary Recovery to OPM.	\$ 86,618.85
46	I 2006 00051	4/16/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	Withdrew from Investigation Due to Minimal Financial Loss to the FEHBP. Investigation Continued by Other Agencies.	\$ -
47	I 2008 00050	4/17/2009	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	Criminal and Civil Settlements with Monetary Recovery to OPM.	\$ 13,967,347.19
48	I 2008 00119	4/17/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with No Monetary Recovery to OPM.	\$ -

**OPM-OIG Office of Investigations**  
**Closed Investigation Disposition Summary**  
January 1, 2009 to April 30, 2010

No.	Case Number	Date Investigation Closed	Case Category	Allegation Category	Disposition Summary	Recovery to OPM
49	I 2009 00038	4/29/2009	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
50	I 2009 00072	4/29/2009	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute. Voluntary Payment Agreement Obtained from Subject.	\$ 74,115.64
51	I 2004 00070	5/6/2009	Retirement Fraud	Post-Death Annuity Theft	Case Closed After Statute of Limitations Expired While Pending DOJ Prosecution.	\$ -
52	I 2008 00008	5/13/2009	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute. Voluntary Payment Agreement Obtained from Subject.	\$ 199,998.98
53	I 2009 00024	5/13/2009	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute. Voluntary Payment Agreement Obtained from Subject.	\$ 52,445.00
54	I 2008 00099	5/14/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 216,545.08
55	I 2008 00117	5/14/2009	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
56	I 2006 00056	6/3/2009	Health Care Fraud	Health Care Provider/Pharmaceutical Diversion	Criminal Conviction with Monetary Recovery to OPM. Physician Debarred from the FEHBP.	\$ 6,814.38
57	I 2008 00059	6/3/2009	Health Care Fraud	Beneficiary/Pharmaceutical Diversion	Target of Investigation Died Before Investigation Was Completed.	\$ -
58	I 2008 00083	6/4/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM & SSA.	\$ 45,889.00
59	I 2008 00109	6/10/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Conviction with No Monetary Recovery to OPM.	\$ -
60	I 2008 00034	6/18/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 517,515.27
61	I 2005 00090	6/18/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	Trial Judge Dismissed the Case.	\$ -
62	I 2008 00052	6/22/2009	Health Care Fraud	Beneficiary/Pharmaceutical Diversion	Criminal Conviction with No Monetary Recovery to OPM.	\$ -
63	I 2007 00108	6/23/2009	Life Insurance Fraud	Beneficiary/False Insurance Claims	Criminal Conviction with Monetary Recovery to OPM.	\$ 49,718.67
64	I 2009 00020	6/25/2009	Employee/Contractor Misconduct	Falsification of Work Product	Criminal Conviction with Monetary Recovery to OPM. OPM Employee Resigned.	\$ 10,000.00
65	I 2008 00054	6/25/2009	Employee/Contractor Misconduct	Falsification of Work Product	Criminal Conviction with Monetary Recovery to OPM. OPM Employee Retired.	\$ 101,180.48
66	I 2008 00115	6/26/2009	Retirement Fraud	Post-Death Annuity Theft	Civil Settlement with Monetary Recovery to OPM.	\$ 213,813.00
67	I 2008 00074	7/7/2009	OPM Program Issue	Erroneous Agency Work Product	Administrative Error - Applicant Evaluation Ratings Overlooked Veteran Applicants For an Executive Director Position. Recommended HR Training Regards to Rating and Hiring Veterans. Qualified Veterans Placed in a Priority Considerations Program.	\$ -
68	I 2007 00092	7/7/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 10,136.00
69	I 2005 00146	7/7/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	DOJ Declined to Prosecute.	\$ -
70	I 2008 00138	7/8/2009	Health Care Fraud	Health Care Facility/False Insurance Claims	Civil Settlement with Monetary Recovery to OPM.	\$ 29,821.37

**OPM-OIG Office of Investigations**  
**Closed Investigation Disposition Summary**  
January 1, 2009 to April 30, 2010

No.	Case Number	Date Investigation Closed	Case Category	Allegation Category	Disposition Summary	Recovery to OPM
71	I 2008 00141	7/10/2009	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
72	I 2007 00028	7/13/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 120,000.00
73	I 2008 00013	7/14/2009	Health Care Fraud	Health Care Facility/False Insurance Claims	Criminal Conviction of Two Defendants with Monetary Recovery to OPM.	\$ 1,000,000.00
74	I 2007 00095	7/17/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	DOJ Declined to Prosecute.	\$ -
75	IA 2009 00002	7/17/2009	OPM Program Issue	Erroneous Agency Work Product	OIG Flash Audit Alert Submitted to the OPM Director that Provides Three Corrective Action Issues Uncovered During the Investigation	\$ -
76	I 2008 00036	7/29/2009	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	Criminal and Civil Settlements with Monetary Recovery to OPM.	\$ 1,523,560.00
77	I 2008 00091	7/29/2009	Health Care Fraud	Beneficiary/Pharmaceutical Diversion	Criminal Conviction of Five Defendants with Monetary Recovery to OPM.	\$ 15,562.68
78	I 2008 00120	8/6/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 115,216.00
79	I 2009 00037	8/6/2009	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
80	I 2009 00036	8/6/2009	Retirement Fraud	Post-Death Annuity Theft	Possible Subject Could Not Be Located.	\$ -
81	I 2005 00060	8/12/2009	Health Care Fraud	Health Care Facility/False Insurance Claims	Civil Settlement with Monetary Recovery to OPM.	\$ 100,000.00
82	I 2007 00101	8/12/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	DOJ Declined to Prosecute.	\$ -
83	I 2007 00029	8/13/2009	Retirement Fraud	Post-Death Annuity Theft	Target of Investigation Died Before Investigation Was Completed.	\$ -
84	I 2003 00079	8/18/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Conviction of Two Defendants with Monetary Recovery to OPM. Both Defendants Have been Debarred from the FEHBP.	\$ 160,993.02
85	I 2009 00112	8/26/2009	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute. Voluntary Payment Agreement Obtained from Subject.	\$ 78,306.29
86	I 2009 00113	9/10/2009	Retirement Fraud	Post-Death Annuity Theft	Post-Death Annuity Monetary Recovery to OPM.	\$ 134,772.10
87	I 2008 00073	9/15/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 187,524.00
88	I 2008 00028	9/18/2009	Employee/Contractor Misconduct	Falsification of Work Product	Criminal Conviction with Monetary Recovery to OPM. Contractor Employee Terminated.	\$ 14,116.95
89	I 2009 00087	9/25/2009	Health Care Fraud	Health Care Facility/False Insurance Claims	Civil Settlement with Monetary Recovery to OPM.	\$ 27,150.00
90	I 2003 00069	9/28/2009	Life Insurance Fraud	Beneficiary/False Insurance Claims	Criminal Conviction of Two Defendants with Monetary Recovery to OPM.	\$ 20,500.00
91	I 2009 00029	9/30/2009	Health Care Fraud	Health Care Facility/False Insurance Claims	DOJ Declined to Prosecute.	\$ -
92	I 2004 00028	10/2/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 253,154.14
93	I 2008 00062	10/2/2009	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
94	I 2009 00063	10/2/2009	Retirement Fraud	Post-Death Annuity Theft	Voluntary Payment Agreement Obtained from Subject.	\$ 535,157.40
95	I 2005 00168	10/5/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 22,709.00



**OPM-OIG Office of Investigations**  
**Closed Investigation Disposition Summary**  
January 1, 2009 to April 30, 2010

No.	Case Number	Date Investigation Closed	Case Category	Allegation Category	Disposition Summary	Recovery to OPM
96	I 2009 00010	10/6/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 61,726.00
97	I 2009 00104	10/6/2009	Health Care Fraud	Drug Manufacturer/Pharmaceutical Diversion	DOJ Declined to Prosecute.	\$ -
98	I 2009 00095	10/6/2009	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute. Voluntary Payment Agreement Obtained from Subject.	\$ 100,000.00
99	I 2009 00093	10/7/2009	Retirement Fraud	Post-Death Annuity Theft	Voluntary Payment Agreement Obtained from Subject.	\$ 60,428.00
100	I 2009 00105	10/8/2009	Retirement Fraud	Post-Death Annuity Theft	Post-Death Annuity Monetary Recovery to OPM.	\$ 105,844.23
101	I 2007 00086	10/9/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Conviction of Two Defendants, though No Monetary Recovery to OPM.	\$ -
102	I 2009 00018	10/9/2009	Retirement Fraud	Post-Death Annuity Theft	Pre-Trial Diversion with Monetary Recovery to OPM.	\$ 39,428.83
103	I 2009 00119	10/14/2009	Retirement Fraud	Post-Death Annuity Theft	Voluntary Payment Agreement Obtained from Subject.	\$ 58,231.16
104	I 2008 00051	10/15/2009	Retirement Fraud	Document Falsification	Criminal Conviction with Monetary Recovery to OPM.	\$ 137,704.00
105	I 2009 00052	10/16/2009	Employee/Contractor Misconduct	Falsification of Work Product	Allegation Not Substantiated.	\$ -
106	I 2007 00110	11/6/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Conviction and Civil Settlement of Three Defendants with Monetary Recovery to OPM.	\$ 56,134.10
107	I 2008 00121	11/10/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 252,577.80
108	I 2005 00076	11/13/2009	Retirement Fraud	Post-Death Annuity Theft	Pre-Trial Diversion with Monetary Recovery to OPM.	\$ 4,977.60
109	I 2009 00007	11/17/2009	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
110	I 2009 00045	11/19/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 108,859.27
111	I 2007 00084	11/19/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	DOJ Declined to Prosecute.	\$ -
112	I 2008 00081	11/27/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	DOJ Declined to Prosecute.	\$ -
113	I 2009 00026	12/8/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 54,104.00
114	I 2007 00100	12/14/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal and Civil Convictions with Monetary Recovery to OPM.	\$ 2,384,056.97
115	I 2005 00097	12/14/2009	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute. Voluntary Payment Agreement Obtained from Subject.	\$ 40,174.00
116	I 2009 00068	12/16/2009	Health Care Fraud	Beneficiary/Pharmaceutical Diversion	Criminal Conviction with Monetary Recovery to OPM.	\$ 3,000.00
117	I 2008 00113	12/16/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 235,787.41
118	I 2004 00047	12/16/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	DOJ Declined to Prosecute.	\$ -
119	I 2004 00051	12/17/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Settlement with Monetary Recovery to OPM.	\$ 52,642.49
120	I 2005 00169	12/17/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	DOJ Declined to Prosecute.	\$ -
121	I 2006 00043	12/17/2009	Health Care Fraud	Health Care Provider/False Insurance Claims	DOJ Declined to Prosecute.	\$ -

**OPM-OIG Office of Investigations**  
**Closed Investigation Disposition Summary**  
January 1, 2009 to April 30, 2010

No.	Case Number	Date Investigation Closed	Case Category	Allegation Category	Disposition Summary	Recovery to OPM
122	I 2008 00071	12/18/2009	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 160,249.98
123	IA 2010 00002	12/18/2009	Employee/Contractor Misconduct	Unprofessional Conduct	Allegation Not Substantiated.	\$ -
124	I 2009 00092	1/4/2010	Health Care Fraud	Health Care Facility/False Insurance Claims	Civil Settlement with Monetary Recovery to OPM.	\$ 24,250.00
125	I 2008 00005	1/7/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM and SSA.	\$ 60,928.57
126	I 2007 00093	1/7/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 120,079.29
127	I 2009 00042	1/7/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 49,951.23
128	I 2009 00069	1/7/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 59,412.00
129	I 2008 00026	1/11/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 106,524.79
130	I 2008 00122	1/12/2010	Health Care Fraud	Beneficiary/Enrollment Fraud	Criminal Conviction with Monetary Recovery to OPM.	\$ 608.12
131	I 2008 00056	1/12/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 1,149.63
132	IA 2009 00004	1/12/2010	Employee/Contractor Misconduct	Theft of OPM Money	Criminal Conviction with Monetary Recovery to OPM. OPM Employee Terminated.	\$ 1,108.73
133	I 2005 00126	1/20/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Conviction of Four Defendants with Monetary Recovery to OPM.	\$ 244,444.22
134	I 2009 00035	1/21/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 37,525.00
135	I 2008 00111	1/21/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	DOJ Declined to Prosecute.	\$ -
136	IA 2009 00003	2/4/2010	OPM Program Issue	Hiring Retaliation	Allegation Not Substantiated.	\$ -
137	I 2008 00037	2/17/2010	Health Care Fraud	Drug Manufacturer/Pharmaceutical Diversion	Criminal and Civil Settlements with Monetary Recovery to OPM.	\$ 1,019,624.00
138	I 2005 00038	2/17/2010	Health Care Fraud	Health Care Facility/False Insurance Claims	Criminal Conviction with Monetary Recovery to OPM. The Civil Action was Rendered in Favor of the Defendants.	\$ 2,353.62
139	I 2010 00027	2/17/2010	Retirement Fraud	Post-Death Annuity Theft	Voluntary Payment Agreement Obtained from Subject.	\$ 58,734.80
140	I 2003 00059	2/22/2010	Retirement Fraud	Identity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 66,302.74
141	I 2009 00071	2/22/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 34,225.00
142	I 2006 00090	2/22/2010	Health Care Fraud	Beneficiary/Pharmaceutical Diversion	Defendant #1 - Died Prior to Prosecution. Defendant #2 - Criminal Conviction with Monetary Recovery to OPM.	\$ 68,054.41
143	I 2010 00022	2/26/2010	Health Care Fraud	Health Care Facility/False Insurance Claims	Civil Settlement with Monetary Recovery to OPM.	\$ 9,619.49
144	I 2008 00068	2/26/2010	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	Criminal Conviction and Civil Settlement of Three Defendants with Monetary Recovery to OPM.	\$ 33,993,826.81
145	I 2010 00038	2/26/2010	Retirement Fraud	Post-Death Annuity Theft	Voluntary Payment Agreement Obtained from Subject.	\$ 76,866.26
146	I 2005 00162	3/2/2010	Retirement Fraud	Post-Death Annuity Theft	Civil Settlement with Monetary Recovery to OPM.	\$ 48,852.00
147	I 2006 00150	3/15/2010	Retirement Fraud	Theft of Annuity	Criminal Conviction with Monetary Recovery to VA, not OPM.	\$ -

**OPM-OIG Office of Investigations**  
**Closed Investigation Disposition Summary**  
January 1, 2009 to April 30, 2010

No.	Case Number	Date Investigation Closed	Case Category	Allegation Category	Disposition Summary	Recovery to OPM
148	I 2007 00111	3/18/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 88,163.10
149	I 2008 00110	3/18/2010	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	DOJ Declined to Prosecute.	\$ -
150	I 2009 00013	3/18/2010	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
151	I 2006 00115	3/18/2010	Retirement Fraud	Post-Death Annuity Theft	Voluntary Payment Agreement Obtained from Subject.	\$ 69,787.94
152	I 2008 00095	3/19/2010	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	DOJ Declined to Prosecute.	\$ -
153	I 2009 00073	3/22/2010	Health Care Fraud	Beneficiary/False Insurance Claims	Defendant #1 - Criminal Conviction with Monetary Recovery to OPM. Defendant #2 - DOJ Declined to Prosecute.	\$ 6,750.00
154	I 2009 00009	3/26/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 127,218.31
155	I 2007 00106	3/30/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 65,343.00
156	I 2008 00080	3/30/2010	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
157	I 2009 00094	3/30/2010	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
158	I 2008 00107	4/20/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Conviction with Monetary Recovery to OPM.	\$ 19,218.76
159	I 2009 00005	4/21/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 105,670.92
160	I 2009 00019	4/21/2010	Retirement Fraud	Post-Death Annuity Theft	DOJ Dropped Charges and OPM Notified to Initiate Administrative Collection Action.	\$ -
161	I 2007 00003	4/22/2010	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
162	I 2009 00086	4/22/2010	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
163	I 2008 00063	4/26/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 256,940.00
164	I 2007 00112	4/26/2010	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
<b>Total:</b>						<b>\$ 62,072,815.99</b>





UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

Office of the  
Inspector General

April 16, 2010

The Honorable Darrell Issa  
Ranking Member  
U.S. House of Representatives  
Committee on Oversight and Government Reform  
2157 Rayburn House Office Building  
Washington, DC 20515-6143

Dear Ranking Member Issa:

This is in response to your request of March 24, 2010 for information related to recommendations made by the U.S. Office of Personnel Management's (OPM) Office of the Inspector General (OIG) that have not been implemented by agency officials or the various insurance carriers that participate in the Federal Employees Health Benefits Program (FEHBP) and other OPM programs. We have reviewed our records and prepared for you the following:

1. A summary by fiscal year and a detailed listing of audit reports we have issued from October 1, 2000 to the present that include recommendations that have not been implemented (**See Enclosure 1**). As they are still within the normal six-month resolution process, we have not included reports issued after September 30, 2009.
2. For each of these reports (**See Enclosure 2, Sections A – F**), a listing of the unimplemented recommendations that includes the following:
  - a. The Finding Title and a Brief Description;
  - b. The Unimplemented Recommendation;
  - c. The Date the Recommendation was made;
  - d. The status of the agency's determination for the Recommendation;
  - e. An Explanation for the Delay in the determination or resolution of the recommendation, including an estimate of how quickly the recommendation can be implemented (i.e., "short-term" – less than six months or "long-term" – more than six months);
  - f. The Estimated Program Savings which would result from the implementation of the recommendation; and
  - g. Other Non-Monetary Benefits that the recommendation would provide.
3. A short description of our three Most Important Open and Unimplemented Recommendations (**See Enclosure 3**).



In response to the fourth item of your information request, we determined that agency officials, along with the various insurance carriers, have resolved 432 recommendations since our last report to you, dated May 1, 2009. This is from a population that includes all recommendations open as of October 31, 2008 (per our prior report), as well as all recommendations from reports issued, from October 31, 2008 to March 31, 2010.

As a point of reference, I am providing the following information related to audit reports we have issued over the period covered by your request:

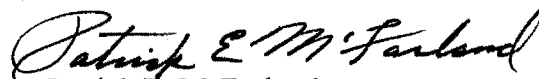
- From October 1, 2000 to September 30, 2009, we issued 758 audit reports;
- These audit reports have led to recoveries of \$504 million dollars; and,
- There are \$52 million of unimplemented recommendations related to 62 of these audit reports.

We are very proud of these accomplishments. In addition, the OPM working groups that the OIG staff members are key participants in are making significant progress in resolving many of the issues that have caused delays in the resolution and implementation of these recommendations, and collection of the receivables.

Please note that our suggestions to improve the Inspector General (IG) Act of 1978 or the IG Reform Act of 2008 are being sent under separate cover.

If you should have any questions regarding this information, please do not hesitate to contact me at (202) 606-1200, or have a member of your staff contact Michael R. Esser, Assistant Inspector General for Audits, at (202) 606-2143.

Sincerely,



Patrick E. McFarland  
Inspector General

Enclosures

Cc: The Honorable Edolphus Towns, Chairman  
U.S. House of Representatives  
Committee on Oversight and Government Reform

OLPHUS TOWNS, NEW YORK  
CHAIRMAN

DARRELL E. ISSA, CALIFORNIA  
RANKING MINORITY MEMBER

ONE HUNDRED ELEVENTH CONGRESS

# Congress of the United States

## House of Representatives

### COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

Majority (202) 225-5651

Minority (202) 225-5074

March 24, 2010

Mr. Patrick E. McFarland  
Inspector General  
Office of the Inspector General  
Office of Personnel Management  
1900 E St., N.W.  
Room 6400  
Washington, D.C. 20415-0001

Dear Mr. McFarland:

As the Ranking Member for the House Committee with primary jurisdiction over federal inspectors general, I have a responsibility to oversee and support the important work of your office. Approximately one year ago, I wrote to your office requesting information related to open and unimplemented recommendations. My request of a year ago came shortly after a report issued by this Committee identified opportunities for saving the taxpayers \$26 billion by implementing thousands of open IG recommendations.<sup>1</sup>

One of the top priorities for the Committee on Oversight and Government Reform is to eliminate waste, fraud and abuse in the operations of the federal government. Each year your office identifies potential reforms that, if implemented, would allow your agency to run more effectively. Our Committee is obligated to ensure your office has sufficient resources to fulfill that mandate.

I request you provide the Committee with updated information about your office's open and unimplemented recommendations. Last year's Committee report, "Inspectors General: Implementing Thousands of Open Recommendations Could Save Taxpayers Almost \$26 Billion," describes taxpayer savings that are significant and immediately accessible. I am interested in evaluating how responsive your agency has been to these dramatic opportunities to realize savings for the taxpayers.

<sup>1</sup> H. Comm. On Oversight and Gov't Reform, 110<sup>th</sup> Cong., "Inspectors General: Implementing Thousands of Open Recommendations Could Save Taxpayers Almost \$26 Billion" (Jan. 5, 2009).

March 24, 2010

Page 2

Please provide the following information regarding your office's open and unimplemented recommendations:

1. Identify the current number of open and unimplemented IG recommendations.
2. For those recommendations that have an estimated cost savings associated with them, identify the recommendation, the date first recommended, and the total estimated cost savings your office believes is obtainable if the recommendation is implemented by agency management.
3. Identify what your office considers to be the three most important open and unimplemented recommendations. For each identify:
  - a. The status of the recommendation, including whether agency management has agreed or disagreed with the recommendation;
  - b. The cost savings associated with the recommendation (if applicable); and
  - c. Whether there are plans to implement the recommendation in the near future.
4. Identify the number of recommendations your office deems accepted and implemented by the agency during the time period January 5, 2009 – the date of the Committee's last report – and the present.

I am also interested in soliciting your opinion about improving the Inspector General Act of 1978 ("IG Act").<sup>1</sup> During the last Congress, this Committee strengthened the Act in a number of ways. The Inspector General Reform Act of 2008 ("Reform Act") created additional protections and authorities for IGs with regard to removal or transfer of an IG, budgets, law enforcement authority, pay, and subpoena power.<sup>2</sup> In your response, or under separate cover, identify any legislative suggestions you have to further improve the IG Act or the Reform Act.

The Committee on Oversight and Government Reform is the principal oversight Committee in the House of Representatives and has broad oversight jurisdiction as set forth in House Rule X.

<sup>1</sup> The Inspector General Act of 1978, as amended, 5 USC App. 3, § 5(d).

<sup>2</sup> The Inspector General Reform Act of 2008, Pub. L. No. 110-409, H.R. 928 (Oct. 14, 2008).

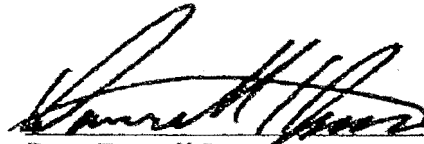
March 24, 2010

Page 3

---

Please reply by April 16, 2010. If you have any questions about this request, you may contact Jonathan Skladany or Steve Castor of the Committee staff at 202-225-5074. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Darrell Issa", written over a horizontal line.

Rep. Darrell Issa  
Ranking Member

cc: The Honorable Edolphus Towns, Chairman

---

U.S. Office of Personnel Management  
Office of the Inspector General  
Congressional Request  
Reports with Unimplemented Audit Recommendations

---

Summary By Fiscal Year

&

List of Audit Reports

By Type

With Unimplemented  
Audit Recommendations

Audit Reports Issued from October 1, 2000 through September 30, 2009

Recommendation Status as of March 31, 2010



**U.S. Office of Personnel Management  
Office of the Inspector General  
Open Recommendations By Fiscal Year  
For Reports Issued Between 10/01/00 – 9/30/09 <sup>[1]</sup>**

Fiscal Year	Total Number of recommendations made	Number of recommendations still open	Potential cost savings/funds put to better use/new revenue from open recommendations
2001	473	0	\$0
2002	308	0	\$0
2003	446	1	\$109,099
2004	676	6	\$3,484,629
2005	517	11	\$12,791,553
2006	529	10	\$3,114,896
2007	469	30	\$4,578,672
2008	421	48	\$17,432,498
2009	287	83	\$10,786,455
Total Recommendations	4,126	189	\$52,297,802
Total Recoveries To Date	\$503,582,747		
Total Reports	758	62 <sup>[2]</sup>	
[1] Cut-off date of September 30, 2009 used to allow 6 months to close recommendations.			
[2] Total Reports with open recommendations.			

U.S. Office of Personnel Management  
Office of the Inspector General  
Reports Issued through 09/30/09 with Unimplemented Audit Findings as of 03/31/10

A. FEHBP Contractor - Service Benefit Plan (BlueCross BlueShield Plans)							
Ref #	Report Number	Plan Name	Report Date	Total # of Findings	# of Open Procedural Findings	Monetary Findings	
						# Open	Amount
A.1	1A-10-15-02-007	BCBS of Tennessee	10/01/2002	13	0	1	\$109,099
A.2	1A-10-00-03-013	BCBS Global COB (Tier 1)	03/31/2004	3	0	1	\$970,034
A.3	1A-10-41-03-031	BCBS of Florida	05/03/2004	19	0	3	\$1,546,587
A.4	1A-10-29-02-047	BCBS of Texas	07/28/2004	13	0	2	\$968,008
A.5	1A-10-00-03-102	BCBS Global COB (Tier 2)	11/09/2004	2	0	1	\$8,380,281
A.6	1A-10-55-04-010	Independence BCBS	12/15/2004	5	0	1	\$20,190
A.7	1A-10-85-04-007	BCBS Global COB	07/27/2005	3	0	1	\$619,025
A.8	1A-10-83-05-002	BCBS of Oklahoma	10/17/2005	16	0	2	\$206,625
A.9	1A-99-00-04-027	Global Duplicate Claims	02/07/2006	1	0	1	\$873,492
A.10	1A-10-32-05-034	BCBS of Michigan	03/24/2006	12	0	1	\$361,752
A.11	1A-10-47-05-009	BCBS of Wisconsin	06/05/2006	6	0	2	\$327,292
A.12	1A-10-11-04-065	BCBS of Massachusetts	06/26/2006	14	0	2	\$289,323
A.13	1A-10-78-05-005	BCBS of Minnesota	09/15/2006	11	0	1	\$1,056,412
A.14	1A-10-69-06-025	Regence BS of Washington	01/03/2007	2	0	1	\$58,682
A.15	1A-10-58-06-038	Regence BCBS of Oregon	01/31/2007	5	0	2	\$610,144
A.16	1A-10-09-05-087	BCBS of Alabama	02/27/2007	14	0	2	\$230,410
A.17	1A-99-00-05-023	Global COB Payments	03/29/2007	2	0	1	\$1,304,424
A.18	1A-10-30-05-069	WellPoint BCBS of Colorado	04/25/2007	18	1	4	\$366,491
A.19	1A-10-15-05-046	BCBS of Tennessee	07/25/2007	11	0	2	\$1,329,959
A.20	1A-10-33-06-037	BCBS of North Carolina	08/28/2007	19	0	2	\$678,562
A.21	1A-10-41-06-054	BCBS of Florida	10/12/2007	11	0	4	\$2,092,824
A.22	1A-10-40-07-022	BCBS of Mississippi	12/14/2007	6	0	2	\$29,339
A.23	1A-10-42-07-004	BCBS of Kansas City	12/14/2007	5	0	2	\$147,228
A.24	1A-10-07-07-016	BCBS of Louisiana	01/18/2008	13	0	2	\$557,675
A.25	1A-10-18-06-052	Wellpoint BCBS (IN,KY,OH)	02/20/2008	16	0	2	\$424,578
A.26	1A-99-00-06-001	Global Coordination of Benefits - M (T5)	03/20/2008	4	0	1	\$937,086
A.27	1A-99-00-08-007	Global Coordination of Benefits - 2006	06/25/2008	3	0	1	\$596,636
A.28	1A-99-00-08-009	Global Coordination of Benefits - 2005	08/11/2008	3	0	1	\$790,534
A.29	1A-99-00-07-043	Health Care Sves Corp, Illinois & Texas	09/05/2008	22	0	3	\$752,535
A.30	1A-99-00-08-008	Global Duplicate Claim Pymts - 04&05	09/11/2008	2	0	1	\$472,902
A.31	1A-10-83-08-018	Health Care Ser Corp - BCBS Oklahoma	01/09/2009	16	0	3	\$1,662,997
A.32	1A-10-53-08-045	BCBS of Nebraska	01/07/2009	6	0	2	\$48,683
A.33	1A-10-44-08-046	BCBS of Arkansas	2/25/2009	7	0	2	\$59,846
A.34	1A-10-63-08-044	WellPoint Southeast	03/03/2009	7	0	4	\$130,390
A.35	1A-99-00-08-065	Global Claims-to-Enrollment Match BCBS	06/23/2009	4	3	1	\$1,965,792
A.36	1A-99-00-09-011	Global Coordination of Benefits - 2007	07/20/2009	4	2	1	\$1,585,027
36 Reports				Subtotal:	318	65	\$32,560,864

B. FEHBP Contractor - Other Experience-Rated Plans							
Ref #	Report Number	Plan Name	Report Date	Total # of Findings	# of Open Procedural Findings	Monetary Findings	
						# Open	Amount
B.1	1D-80-00-04-058	Group Health Incorporated	06/20/2005	21	5	2	\$3,772,057
B.2	1B-45-00-08-016	Coventry HC as UW & Adm for MHBP	03/26/2009	16	4	7	\$4,804,277
2 Reports				Subtotal:	37	9	\$8,576,334

C. FEHBP Contractor - Community-Rated HMOs							
Ref #	Report Number	Plan Name	Report Date	Total # of Findings	# of Open Procedural Findings	Monetary Findings	
						# Open	Amount
C.1	1C-3U-00-05-085	United HealthCare of Ohio	01/18/2008	2	0	2	\$902,284
C.2	1C-G2-00-07-044	Arnett HMO Health Plan	06/12/2008	2	0	2	\$626,850
C.3	1C-SV-00-07-056	Coventry Health Care of Iowa	06/25/2008	2	0	2	\$2,659,439
C.4	1C-8W-00-07-028	UPMC Health Plan	07/25/2008	2	0	2	\$4,174,744
C.5	1C-6Q-00-07-029	Universal Care of California	09/15/2008	2	0	2	\$2,267,844
C.6	1C-NM-00-08-049	Health Plan of Nevada	02/05/2009	2	0	2	\$444,115
6 Reports				Subtotal:	12	12	\$11,075,276

D. Information Technology Security Audits							
Ref #	Report Number	Plan Name	Report Date	Total # of Findings	# of Open Procedural Findings	Monetary Findings	
						# Open	Amount
D.1	4A-IS-00-05-026	IT Security Controls - e-QIP (FISMA)	06/16/2005	20	1	0	\$0
D.2	4A-CI-00-06-016	FISMA FY 2006	09/22/2006	12	1	0	\$0
D.3	4A-CI-00-07-015	OPM's Privacy Program	01/25/2007	7	4	0	\$0
D.4	4A-CI-00-07-007	FISMA FY 2007	09/18/2007	9	3	0	\$0
D.5	4A-CI-00-08-022	FISMA FY 2008	09/23/2008	19	11	0	\$0
D.6	1A-10-92-08-021	IT Security Controls - CFst BCBS & FEPOC	11/28/2008	13	13	0	\$0
D.7	4A-CI-00-09-053	Flash Audit Report - IT Security at OPM	05/27/2009	4	3	0	\$0
D.8	1B-43-00-08-066	IT Security - AXA Ass as Adm for PCABP	06/18/2009	11	3	0	\$0
D.9	4A-CI-00-09-052	IT Security - OPM's Integrated Sec Mgt Sys	08/10/2009	6	2	0	\$0
9 Reports			Subtotal:	101	41	0	\$0

E. Internal Audits							
Ref #	Report Number	Plan Name	Report Date	Total # of Findings	# of Open Procedural Findings	Monetary Findings	
						# Open	Amount
E.1	4A-CF-00-05-028	Prompt Payment Act	04/16/2007	12	8	0	\$0
E.2	4A-RI-00-05-037	Retirement Program - SF1184 Process	03/18/2008	10	2	0	\$0
E.3	4A-CA-00-07-054	OPM & NARA for Storage & Serving Recds	8/26/2008	8	6	0	\$0
E.4	4A-CF-00-08-025	FY 2008 Financial Statements	11/14/2008	6	6	0	\$0
E.5	4A-IS-00-08-014	Security of Pers Identifi Info in FISD@OPM	4/21/2009	9	2	0	\$0
E.6	4A-CA-00-08-036	Inventory Mgmt of OPM's Sensitive Propty	6/15/2009	7	5	0	\$0
6 Reports			Subtotal:	52	29	0	\$0

F. Combined Federal Campaign Audits							
Ref #	Report Number	Plan Name	Report Date	Total # of Findings	# of Open Procedural Findings	Monetary Findings	
						# Open	Amount
F.1	3A-CF-00-07-039	New York City CFC	02/04/2009	11	3	0	\$0
F.2	3A-CF-00-07-037	Greater Los Angeles CFC	02/18/2009	13	5	0	\$0
F.3	3A-CF-00-08-031	North Central Texas CFC	06/18/2009	10	9	1	\$85,328
3		Reports	Subtotal:	34	17	1	\$85,328

Totals						
		# of		# of Open	Monetary Findings	
	Reports	Findings		Procedural Findings	# Open	Amount
	62	554		102	87	\$52,297,802

**NOTE:** The Combined Federal Campaign monetary findings are not receivable to the Federal government while all other monetary findings reflected above are.

Enclosure 2  
Section A

U.S. Office of Personnel Management  
Office of the Inspector General  
Congressional Request  
Reports with Unimplemented Audit Recommendations

---

Section A

FEHBP Contractor

Service Benefit Plan  
(BlueCross BlueShield Plans)

Report #: **1A-10-15-02-007**Date Issued: **October 1, 2002**Subject: **Audit of BlueCross BlueShield of Tennessee**Report Type: **FEHBP – BlueCross BlueShield Plan**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
3	<b><u>Improper Claim Payments: Duplicate Payments</u></b> – The Plan improperly charged the FEHBP \$268,839 for 397 duplicate claim line payments from 1998 through 2000. These payments were unnecessary and unallowable charges to the FEHBP	We recommend that the contracting officer disallow \$268,839 in duplicate claim payments charged to the FEHBP and ensure that the Plan return all amounts recovered to the FEHBP. If the Plan is unable to recover any amounts, the Plan should establish that the claims were paid in good faith and document its diligent effort to recover these amounts.	- Agreed & Disallowed \$268,839. - Allowed \$0	<p>- \$158,892 has been recovered.</p> <p>- \$848 was appealed &amp; sustained based on supporting documentation provided by the Plan.</p> <p>- \$109,099 remains a receivable.</p> <p>After repeated attempts by the contracting officer to collect the remaining \$109,099, the BCBS Association is claiming (4 ½ years later) that the balance is uncollectible and therefore should be written off because the Plan's provider contracts limit the recovery period to collect improper payments. The contracting officer is currently reviewing this issue.</p> <p>In an audit resolution letter, dated March 10, 2010, OPM's contracting officer informed the BCBS Association that the plans are expected to pursue due diligence on overpayment recoveries in compliance with the contract regardless of any provider contract recovery time limits.</p> <p>The FEP Director's Office is in the process of implementing an overpayment recovery action plan. The action plan will include steps, which those BCBS plans with recovery limitations in their provider contracts will follow, to reduce the occurrence of uncollectible overpayments due to recovery time limits. The action plan is intended to proactively reduce overpayments, increase early identification of overpayments, and promote timely recovery of overpayments.</p> <p>- Long Term</p>	\$267,991 (Recovered + Receivable)	N/A



Report #: <b>1A-10-00-03-013</b>			Date Issued: <b>March 31, 2004</b>			
Subject: <b>Global Audit on Coordination of Benefits (Tier 1)</b>			Report Type: <b>FEHBP – BlueCross BlueShield Plans</b>			
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
2	<p><u>Improper Claim Payments: Coordination of Benefits with Medicare</u> – The BCBS plans did not properly coordinate 43,564 claim line payments, totaling \$12,952,932, with Medicare as required by the FEHBP contract. As a result, the FEHBP paid as the primary insurer for these claims when Medicare was the primary insurer. Therefore, we estimate that the FEHBP was overcharged by \$10,135,466 for these claim lines (\$820,162 for Recommendation #1 and \$9,315,304 for Recommendation #2).</p> <p><u>Note:</u> The contracting officer has resolved Recommendation #1.</p>	We recommend that the contracting officer disallow \$9,315,304 for uncoordinated claim payments, and have the plans return all amounts recovered to the FEHBP. Also, if the plans are unable to recover any amounts, the plans should establish that the claims were paid in good faith and document its diligent effort to recover these amounts.	<ul style="list-style-type: none"> <li>- Agreed &amp; Disallowed \$9,271,567.</li> <li>- Disagreed &amp; Allowed \$43,737.</li> </ul>	<ul style="list-style-type: none"> <li>- \$7,218,645 has been recovered.</li> <li>- \$1,082,888 was appealed &amp; sustained based on supporting documentation provided by the Plan.</li> <li>- \$970,034 remains a receivable.</li> </ul> <p>The Association requested a write-off of the uncollectible/contested amounts. Since the Association has failed to prove that the unallowable charges to the FEHBP were good faith erroneous benefit payments, OPM's contracting officer has not granted the Association's request. The contracting office is also working with OPM's Office of General Counsel to consider litigation options. Therefore, the questioned charges of \$970,034 remain unallowable charges to the FEHBP.</p> <p>In the latest audit resolution letter, OPM's position on the BCBS Association's request to write-off the uncollectible/contested amounts did not change.</p> <ul style="list-style-type: none"> <li>- Long Term</li> </ul>	<p>\$8,188,679 (Recovered + Receivable)</p> <p>2000 - 2001 (All BCBS plans)</p>	N/A

Report #: <b>1A-10-41-03-031</b>						
Date Issued: <b>May 3, 2004</b>						
Subject: <b>Audit of BlueCross BlueShield of Florida</b>						
Report Type: <b>FEHBP – BlueCross BlueShield Plan</b>						
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Improper Claim Payments</u> – the Plan incorrectly paid 95 claims, resulting in overcharges of \$1,203,873. The errors are categorized as follows: - Amount Paid > Than Covered charges - System Review Payment Errors - OBRA 90 Claims - PAR & Non-PAR Facility Claims - Inpatient Facility Claims	We recommend that the contracting officer disallow \$1,203,873 for overcharges and have the Plan return all amounts recovered to the FEHBP. Also, if the Plan is unable to recover any amounts, the Plan should establish that the claims were paid in good faith and document its diligent effort to recover these amounts.	- Agreed & Disallowed \$1,203,873 - Disagreed & Allowed \$0.	- \$725,425 has been recovered. - \$234,996 was appealed & \$58,749 was sustained based on supporting documentation provided. - \$419,699 remains a receivable. As of October 15, 2009, the contracting officer is continuing to pursue recovery of the remaining unallowable charges of \$419,699. - Long Term	\$1,145,124 (Recovered + Receivable) CY 1999 – 2001	N/A
12	<u>State Income Taxes</u> : The Plan charged the FEHBP \$909,870 in unreasonable state income taxes from 1999 through 2001. We questioned this same issue in our prior report which is currently under litigation.	We recommend that the contracting officer disallow \$909,870 in unreasonable state income taxes charged to the FEHBP for 1999 through 2001.	- Agreed & Disallowed \$909,870. - Disagreed & Allowed \$0.	- \$2,401 has been recovered. - \$0 was appealed & sustained based on supporting documentation provided by the Plan. - \$907,469 remains a receivable. Based on the latest audit resolution letter, dated March 10, 2010, the remaining questioned amount of \$907,469 continues to be an unallowable charge. - Long Term	\$909,870 (Recovered + Receivable) CY 1999 – 2001	N/A
19	<u>Lost Investment Income (LII) on Audit Findings</u> : As a result of the audit findings presented in this report, the FEHBP is due LII of \$191,858 from January 1, 2000 through December 31, 2003.	We recommend the contracting officer direct the Plan to credit \$191,858 (plus interest accruing after December 31, 2003) to the Special Reserve for LII on audit findings	- Agreed & Disallowed \$191,858. - Disagreed & Allowed \$0.	- \$17,216 has been recovered. - \$0 was appealed & sustained based on supporting documentation provided by the Plan. - \$219,419 remains a receivable. Lost investment continues to accrue until the state income tax issue is resolved (see recommendation # 12). - Long Term	\$236,635 + Additional amounts accrued until the funds are returned.	N/A

Report #: **1A-10-29-02-047**Date Issued: **July 28, 2004**Subject: **BlueCross BlueShield of Texas**Report Type: **FEHBP – BlueCross BlueShield Plan**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<b><u>Health Benefit Charges – COB with Medicare (Outside Filing Limit)</u></b> – The Plan did not follow its procedures for coordination of benefits (COB) with Medicare. The FEHBP paid as the primary insurer for 5,837 claim line payments when Medicare was the primary insurer. Therefore, we estimate that the FEHBP was overcharged by \$1,650,737.	We recommend that the contracting officer disallow \$1,650,737 for uncoordinated claim payments from January 1999 through September 2000, and have the Plan return all amounts recovered to the FEHBP.	- Agreed & Disallowed \$1,649,961 - Allowed \$776	- \$449,647 has been recovered. - \$322,720 was appealed and sustained based on supporting documentation provided by the Plan. - \$877,594 remains a receivable.  As of September 9, 2009, OPM's position on the BCBS Association's request to write-off the uncollectible/contested amounts did not change. However, the contracting officer is continuing to re-evaluate the allowability of these claim payments.  - Long Term	\$1,327,241 (Recovered + Receivable)	N/A
3	<b><u>Health Benefit Charges – Coordination of Benefits with Medicare (Within Filing Limit)</u></b> – The Plan did not properly coordinate 2,114 claim line payments from October 2000 – December 2001 as required by the FEHBP contract. As a result, the FEHBP paid as the primary insurer for these claims when Medicare was the primary insurer. Therefore, we estimate that the FEHBP was overcharged \$554,909 for these claim lines.	We recommend that the contracting officer disallow \$554,909 for uncoordinated claim payments from October 2000 through December 2001, and have the Plan return all amounts recovered to the FEHBP. Also, if the Plan is unable to recover any amounts, the Plan should document its diligent effort to recover these amounts.	- Agreed & Disallowed \$542,173 - Allowed \$12,736	- \$447,539 has been recovered. - \$4,220 appealed and sustained based on supporting documentation provided by the Plan. - \$90,414 remains a receivable.  As of September 9, 2009, OPM's position on the BCBS Association's request to write-off the uncollectible/contested amounts did not change. However, the contracting officer is continuing to re-evaluate the allowability of these claim payments.  - Long Term	\$537,953 (Recovered + Receivable)	N/A

Report #: **1A-10-00-03-102**Date Issued: **November 9, 2004**Subject: **Global Audit on Coordination of Benefits (Tier 2)**Report Type: **FEHBP – BlueCross BlueShield Plans**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Improper Claim Payments: Coordination of Benefits with Medicare</u> – The BCBS plans did not properly coordinate 18,911 claim line payments, totaling \$23,389,875, with Medicare as required by the FEHBP contract. As a result, the FEHBP paid as the primary insurer for these claims when Medicare was the primary insurer. Therefore, we estimate that the FEHBP was overcharged by \$11,805,906 for these claim lines.	We recommend that the contracting officer disallow \$11,805,906 for uncoordinated claim payments, and have the plans return all amounts recovered to the FEHBP. Also, if the plans are unable to recover any amounts, the plans should provide evidence of its diligent efforts to recover these amounts.	<ul style="list-style-type: none"> <li>- Agreed &amp; Disallowed \$11,329,680.</li> <li>- Disagreed &amp; Allowed \$476,226.</li> </ul>	<ul style="list-style-type: none"> <li>- \$2,872,568 has been recovered.</li> <li>- \$76,831 was appealed &amp; sustained based on supporting documentation provided by the Plan.</li> <li>- \$8,380,281 remains a receivable.</li> </ul> <p>The Association requested a write-off of the uncollectible/contested overpayments. As of August 26, 2009, OPM's contracting officer is in the process of reviewing the Association's request. The questioned charges of \$8,380,281 remain unallowable charges to the FEHBP.</p> <ul style="list-style-type: none"> <li>- Long Term</li> </ul>	\$11,252,849 (Recovered + Receivable) 1999 - 2001 (All BCBS plans)	N/A

Report #: <b>1A-10-55-04-010</b>		Date Issued: <b>December 15, 2004</b>				
Subject: <b>Audit of Independence BlueCross</b>		Report Type: <b>FEHBP – BlueCross BlueShield Plan</b>				
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<p><u>Improper Claim Payments: OBRA 90 Claims</u> – The Plan incorrectly paid 121 claims, resulting in net overcharges of \$1,129,020 to the FEHBP. Specifically, the Plan overpaid 110 claims by \$1,174,898 and underpaid 11 claims by \$45,878.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	We recommend that the contracting officer disallow \$1,174,898 for claim overcharges, and have the Plan return all amounts recovered to the FEHBP. Also, if the Plan is unable to recover any amounts, the Plan should establish that the claims were paid in good faith and provide evidence of its diligent effort to recover these amounts	<ul style="list-style-type: none"> <li>- Agreed &amp; Disallowed \$1,170,479.</li> <li>- Disagreed &amp; Allowed \$4,419.</li> </ul>	<ul style="list-style-type: none"> <li>- \$1,143,735 has been recovered.</li> <li>- \$6,554 was appealed &amp; sustained based on supporting documentation provided by the Plan.</li> <li>- \$20,190 remains a receivable.</li> </ul> <p>OPM is in the process of reviewing the Association's position on provider contracts and will provide a response under separate cover when the review is completed. Until that time, the questioned charges of \$20,190 remain unallowable charges to the FEHBP.</p> <p>The FEP Director's Office is in the process of implementing an overpayment recovery action plan. The action plan will include steps, which those BCBS plans with recovery limitations in their provider contracts will follow, to reduce the occurrence of uncollectible overpayments due to recovery time limits. The action plan is intended to proactively reduce overpayments, increase early identification of overpayments, and promote timely recovery of overpayments.</p> <p>- Long Term</p>	\$1,163,925 (Recovered + Receivable) CY 2000 – 2002	N/A

Report #: **1A-10-85-04-007**Date Issued: **July 27, 2005**Subject: **Global Audit on Coordination of Benefits (2002)**Report Type: **FEHBP – BlueCross BlueShield Plans**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Improper Claim Payments: Coordination of Benefits with Medicare</u> – The BCBS plans did not properly coordinate 23,291 claim line payments, totaling \$11,357,646, with Medicare as required by the FEHBP contract. As a result, the FEHBP paid as the primary insurer for these claims when Medicare was the primary insurer. Therefore, we estimate that the FEHBP was overcharged by \$8,045,058 for these claim lines (\$5,613,124 for Rec #1 + \$2,431,934 for Rec #2).	We recommend that the contracting officer disallow \$5,613,124 for uncoordinated claim payments, and have the plans return all amounts recovered to the FEHBP. Also, if the plans are unable to recover any amounts, the plans should establish that the claims were paid in good faith and provide evidence of its diligent efforts to recover these amounts.	- Agreed & Disallowed \$5,613,124. - Disagreed & Allowed \$0.	- \$2,571,553 has been recovered. - \$2,422,546 was appealed & sustained based on supporting documentation provided by the Plan. - \$619,025 remains a receivable.  On September 29, 2009, the contracting officer concluded that “Until the Association provides supporting documentation and/or a certification, the balance of \$619,025 remains an unallowable charge to the FEHB Program.”  <u>Note:</u> The contracting officer has recovered \$2,431,934 for recommendation #2.  - Long Term	\$3,190,578 (Recovered + Receivable)  CY 2002 (All BCBS plans)	N/A

Report #: <u>1A-10-83-05-002</u>			Date Issued: <u>October 17, 2005</u>			
Subject: <u>BCBS of Oklahoma</u>			Report Type: <u>FEHBP – BlueCross BlueShield Plan</u>			
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
11	<u>Administrative Expenses: Subcontracts Not Approved</u> – The Plan charged the FEHBP for three subcontracts for which they did not request and receive prior approval from the contracting as required by their contract. As a result, the FEHBP was inappropriately charged \$692,642	We recommend that the contracting officer disallow \$692,642 for unapproved subcontracts.	- Agreed & Disallowed \$692,642 - Allowed \$0	- \$0 has been recovered. - \$617,128 was appealed & sustained based on supporting documentation provided by the Plan. - \$75,514 remains a receivable.  In an audit resolution letter, dated May 5, 2009, OPM requested the Association to provide additional documentation in order to determine price reasonableness for the Optimed Medical Systems subcontract.  - Short Term	\$75,514  (Recovered + Receivable)  1999 – 2003	N/A
16	<u>Lost Investment Income on Audit Findings</u> – As a result of the audit findings presented in this report, the FEHBP is due lost investment income of \$127,215 from January 1, 2000 through June 30, 2005.	We recommend that the contracting officer direct the Plan to credit \$127,215 (plus interest accruing after June 30, 2005) to the Special Reserve for lost investment income on audit findings.	- Agreed & Disallowed \$127,215 - Allowed \$0	- \$20,450 has been recovered. - \$0 was appealed & sustained based on supporting documentation provided by the Plan. - \$130,801 remains a receivable.  Lost investment continues to accrue until the subcontract issue is resolved (see recommendation # 11).  - Short Term	\$151,251  Includes additional accrued interest of \$24,036.	N/A

Report #: **1A-99-00-04-027**Date Issued: **February 7, 2006**Subject: **Global Duplicate Claim Payments**Report Type: **FEHBP – BlueCross BlueShield Plans**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Improper Claim Payments: Duplicate Payments</u> – The BCBS plans improperly charged the FEHBP \$2,994,477 for 7,004 duplicate claim payments from 2000 through 2002. These payments were unnecessary and unallowable charges to the FEHBP.	We recommend that the contracting officer disallow \$2,994,477 for duplicate claim payments charged to the FEHBP and have the BCBS plans return all amounts recovered to the FEHBP. Also, if the BCBS plans are unable to recover any amounts, the BCBS plans should provide evidence of their diligent effort to recover these amounts.	- Agreed & Disallowed \$2,994,477. - Disagreed & Allowed \$0.	- \$2,020,199 has been recovered. - \$100,786 was appealed & sustained based on supporting documentation provided by the Plan. - \$873,492 remains a receivable. OPM is in the process of reviewing the documentation for the remaining unallowable charges of \$873,492. (Per letter to the Association dated March 10, 2010) - Long Term	\$2,893,691 (Recovered + Receivable)  Total 2000 – 2002  (All BCBS plans)	N/A



Report #: <b><u>1A-10-32-05-034</u></b>		Date Issued: <b><u>March 24, 2006</u></b>				
Subject: <b><u>BCBS of Michigan</u></b>		Report Type: <b><u>FEHBP – BlueCross BlueShield Plan</u></b>				
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<p><u>Health Benefit Charges – Omnibus Budget Reconciliation Act of 1990 (OBRA 90) Pricing Errors</u> – The Plan did not correctly price or pay 56 claims in accordance with OBRA 90, resulting in net overcharges of \$430,184 to the FEHBP. Specifically, the Plan overpaid 47 claims by \$451,849 and underpaid 9 claims by \$21,665.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	<p>We recommend that the contracting officer disallow \$451,849 for claim overcharges, and have the Plan return all amounts recovered to the FEHBP. Also, if the Plan is unable to recover any amounts, the Plan should document its diligent effort to recover these amounts.</p>	<p>- Agreed &amp; Disallowed \$451,849</p> <p>- Disagreed &amp; Allowed \$0.</p>	<p>- \$89,257 has been recovered.</p> <p>- \$840 was appealed &amp; sustained based on supporting documentation provided by the Plan.</p> <p>- \$361,752 remains a receivable.</p> <p>The contract officer is still in the process of reviewing the Plan's position on this issue relating to the provider contract issue (recovery period limitation).</p> <p>- Long Term</p>	\$451,009 (Recovered + Receivable)	N/A

Report #: <u>1A-10-47-05-009</u>			Date Issued: <u>June 5, 2006</u>			
Subject: <u>Audit of BlueCross BlueShield of Wisconsin</u>			Report Type: <u>FEHBP – BlueCross BlueShield Plan</u>			
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<p><u>Improper Claim Payments: OBRA 90 Claims</u> – The Plan did not correctly price or pay 65 claims in accordance OBRA 90, resulting in net overcharges of \$357,900 to the FEHBP. Specifically, the Plan overpaid 52 claims by \$426,833 and underpaid 13 claims by \$68,933.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	We recommend that the contracting officer disallow \$426,833 for claim overcharges, and have the Plan return all amounts recovered to the FEHBP. Also, if the Plan is unable to recover any amounts, the Plan should provide evidence of its diligent effort to recover these amounts.	<p>- Agreed &amp; Disallowed \$426,833.</p> <p>- Disagreed &amp; Allowed \$0.</p>	<p>- \$150,320 has been recovered.</p> <p>- \$1,422 was appealed &amp; sustained based on supporting documentation provided by the Plan.</p> <p>- \$275,091 remains a receivable.</p> <p>OPM is in the process of reviewing the Association's position on the provider contract limitation issue and will provide a response under separate cover when the review is completed. Until that time, the remaining questioned charges of \$275,091 are unallowable charges to the FEHBP.</p> <p>The contracting officer is currently reviewing the contract limitation issue. In fact, the OIG and the Contracting Office are jointly reviewing the effects of provider contract recovery limitations on the FEHB Program as a whole.</p> <p>The FEP Director's Office is in the process of implementing an overpayment recovery action plan. The action plan will include steps, which those BCBS plans with recovery limitations in their provider contracts will follow, to reduce the occurrence of uncollectible overpayments due to recovery time limits. The action plan is intended to proactively reduce overpayments, increase early identification of overpayments, and promote timely recovery of overpayments.</p> <p>- Long Term</p>	<p>\$425,411 (Recovered + Receivable) Total 2001 – 2003</p>	N/A

3	<p><u>Improper Claim Payments:</u>  <u>Claim Payment Errors</u> – The Plan incorrectly paid 347 claims, resulting in net overcharges of \$222,778 to the FEHBP. Specifically, the Plan overpaid 321 claims by \$228,662 and underpaid 26 claims by \$5,884. The errors are categorized as follows:</p> <ul style="list-style-type: none"> <li>- Assistant Surgeon Overpayments</li> <li>- Amounts Paid &gt; Covered Charges</li> <li>- System Review Overpayments</li> </ul> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	<p>We recommend that the contracting officer disallow \$228,662 for claim overcharges, and have the Plan return all amounts recovered to the FEHBP. Also, if the Plan is unable to recover any amounts, the Plan should provide evidence of its diligent effort to recover these amounts.</p>	<ul style="list-style-type: none"> <li>- Agreed &amp; Disallowed \$228,662.</li> <li>- Disagreed &amp; Allowed \$0.</li> </ul>	<ul style="list-style-type: none"> <li>- \$174,924 has been recovered.</li> <li>- \$1,537 was appealed &amp; sustained based on supporting documentation provided by the Plan.</li> <li>- \$52,201 remains a receivable.</li> </ul> <p>OPM is in the process of reviewing the Association's position on the provider contract limitation issue and will provide a response under separate cover when the review is completed. Until that time, the remaining questioned charges of \$52,201 are unallowable charges to the FEHBP.</p> <p>The contracting officer is currently reviewing the contract limitation issue. In fact, the OIG and the Contracting Office are jointly reviewing the effects of provider contract recovery limitations on the FEHB Program as a whole.</p> <p>The FEP Director's Office is in the process of implementing an overpayment recovery action plan. The action plan will include steps, which those BCBS plans with recovery limitations in their provider contracts will follow, to reduce the occurrence of uncollectible overpayments due to recovery time limits. The action plan is intended to proactively reduce overpayments, increase early identification of overpayments, and promote timely recovery of overpayments.</p> <ul style="list-style-type: none"> <li>- Long Term</li> </ul>	<p>\$227,125  (Recovered + Receivable)  Total  2001 - 2003</p>	N/A
---	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------	-----

Report #: <u>1A-10-11-04-065</u>			Date Issued: <u>June 26, 2006</u>			
Subject: <u>Audit of BlueCross BlueShield of Massachusetts</u>			Report Type: <u>FEHBP – BlueCross BlueShield Plan</u>			
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
8	<u>Gain on Sale of Headquarters Building</u> – The Plan did not properly allocate the gain of the sale of its headquarters to the FEHBP. As a result, the FEHBP is due \$262,058.	We recommend that the contracting officer direct the Plan to credit the FEHBP \$262,058 for its proper share of the gain of the sale of the headquarters building.	- Agreed & Disallowed \$262,058. - Disagreed & Allowed \$0.	- \$0 has been recovered. - \$0 was appealed & sustained based on supporting documentation provided by the Plan. - \$262,058 remains a receivable.  Since this issue has been identified during several BCBS audits, the contracting office is working with the BCBS Association to resolve this issue as part of a global settlement. OPM and the BCBS Association have recently reached an agreement of resolution for the sale/leaseback issue.  - Short Term	\$262,058	N/A
14	<u>Lost Investment Income on Audit Findings</u> – As a result of audit findings presented in this report, the FEHBP is due lost investment income of \$24,341 from January 1, 2003 through December 31, 2005	We recommend that the contracting officer direct the Plan to credit \$24,341 (plus interest accruing after December 31, 2005) to the Special Reserve for lost investment income on audit findings.	Agreed & Disallowed \$24,341. - Disagreed & Allowed \$0.	- \$1,002 has been recovered. - \$0 was appealed & sustained based on supporting documentation provided by the Plan. - \$27,265 remains a receivable.  Lost Investment Income continues to accrue on the “Gain on Sale” finding until the issue is resolved.  - Short Term	\$28,267 Includes additional accrued interest of \$3,926.	N/A

Report #: **1A-10-78-05-005**Date Issued: **September 15, 2006**Subject: **BCBS of Minnesota**Report Type: **BlueCross BlueShield Plan**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<p><u>Health Benefit Charges – Claim Payment Errors</u> – The Plan incorrectly paid 584 claims, resulting in net overcharges of \$1,729,921 to the FEHBP. Specifically, the Plan overpaid 521 claims by \$2,071,217 and underpaid 63 claims by \$341,296. The following types of claims payment errors were identified: OBRA 90, system review overpayments, amount paid greater than covered charges, and assistant surgeon claims.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	We recommend that the contracting officer disallow \$2,071,217 for claims overcharges, and have the Plan return all amounts recovered to the FEHBP. Also, if the Plan is unable to recover any amounts, the Plan should document its diligent effort to recover these amounts.	<p>- Agreed &amp; Disallowed \$2,071,217.</p> <p>- Disagreed &amp; Allowed \$0.</p>	<p>- \$850,076 has been recovered.</p> <p>- \$164,729 was appealed &amp; sustained based on supporting documentation provided by the Plan.</p> <p>- \$1,056,412 remains a receivable.</p> <p>OPM is in the process of reviewing the Association's position on the provider contract limitation issue. Until that time, the remaining questioned charges of \$1,056,412 are unallowable charges to the FEHBP. (Based on audit resolution letter, date December 22, 2009)</p> <p>The contracting officer is currently reviewing the contract limitation issue. In fact, the OIG and the Contracting Office are jointly reviewing the effects of provider contract recovery limitations on the FEHB Program as a whole.</p> <p>The FEP Director's Office is in the process of implementing an overpayment recovery action plan. The action plan will include steps, which those BCBS plans with recovery limitations in their provider contracts will follow, to reduce the occurrence of uncollectible overpayments due to recovery time limits. The action plan is intended to proactively reduce overpayments, increase early identification of overpayments, and promote timely recovery of overpayments.</p> <p>- Long Term</p>	\$1,906,488 (Recovered + Receivable)	N/A

Report #: **1A-10-69-06-025**Date Issued: **January 3, 2007**Subject: **Regence BlueShield - Washington**Report Type: **FEHBP – BlueCross BlueShield Plan**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<p><u>Health Benefit Charges – Claim Payment Errors</u> – The Plan incorrectly paid 56 claims, resulting in net overcharges of \$58,656 to the FEHBP. Specifically, the Plan overpaid 55 claims by \$58,682 and underpaid 1 claim by \$26. The following types of claims payment errors were identified: system review overpayments and assistant surgeon claims.</p> <p><u>Note:</u> The underpayment was included in a different recommendation.</p>	We recommend that the contracting officer disallow \$58,682 for claims overcharges, and have the Plan return all amounts recovered to the FEHBP. Also, if the Plan is unable to recover any amounts, the Plan should document its diligent effort to recover these amounts.	<ul style="list-style-type: none"> <li>- Agreed &amp; Disallowed \$58,682.</li> <li>- Disagreed &amp; Allowed \$0.</li> </ul>	<ul style="list-style-type: none"> <li>- \$0 has been recovered.</li> <li>- \$0 was appealed &amp; sustained based on supporting documentation provided by the Plan.</li> <li>- \$58,682 remains a receivable.</li> </ul> <p>As of April 1, 2008, the contracting officer was in the process of reviewing the Plan's position relating to the provider contract issue.</p> <p>The contracting officer is currently reviewing the contract limitation issue. In fact, the OIG and the Contracting Office are jointly reviewing the effects of provider contract recovery limitations on the FEHB Program as a whole.</p> <p>The FEP Director's Office is in the process of implementing an overpayment recovery action plan. The action plan will include steps, which those BCBS plans with recovery limitations in their provider contracts will follow, to reduce the occurrence of uncollectible overpayments due to recovery time limits. The action plan is intended to proactively reduce overpayments, increase early identification of overpayments, and promote timely recovery of overpayments.</p>	\$58,682	N/A
				- Long Term		

Report #: **1A-10-58-06-038**Date Issued: **January 31, 2007**Subject: **Regence BCBS of Oregon**Report Type: **FEHBP – BlueCross BlueShield Plan**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Health Benefit Charges – Claim Payment Errors</u> – The Plan incorrectly paid 66 claims, resulting in overcharges of \$479,357 to the FEHBP. The following types of claims payment errors were identified: system review overpayments, amounts paid greater than covered charges, and assistant surgeon claims.	We recommend that the contracting officer disallow \$479,357 in claims overcharges, and have the Plan return all amounts recovered to the FEHBP.	<ul style="list-style-type: none"> <li>- Agreed &amp; Disallowed \$479,357.</li> <li>- Disagreed &amp; Allowed \$0.</li> </ul>	<ul style="list-style-type: none"> <li>- \$0 has been recovered.</li> <li>- \$1,174 was appealed &amp; sustained based on supporting documentation provided by the Plan.</li> <li>- \$478,183 remains a receivable.</li> </ul> <p>As of May 26, 2009, the contracting officer was in the process of reviewing the Plan's position relating to the provider contract issue. Until that time, \$478,183 remains unallowable charges to the FEHBP.</p> <p>The contracting officer is currently reviewing the contract limitation issue. In fact, the OIG and the Contracting Office are jointly reviewing the effects of provider contract recovery limitations on the FEHB Program as a whole.</p> <p>The FEP Director's Office is in the process of implementing an overpayment recovery action plan. The action plan will include steps, which those BCBS plans with recovery limitations in their provider contracts will follow, to reduce the occurrence of uncollectible overpayments due to recovery time limits. The action plan is intended to proactively reduce overpayments, increase early identification of overpayments, and promote timely recovery of overpayments.</p> <ul style="list-style-type: none"> <li>- Long Term</li> </ul>	\$478,183 (Recovered + Receivable)	N/A

2	<p><u>Health Benefit Charges – Omnibus Budget Reconciliation Act of 1990 (OBRA 90) Pricing Errors</u> – The Plan did not correctly price or pay 17 claims in accordance with OBRA 90, resulting in overcharges of \$131,961 to the FEHBP.</p>	<p>We recommend that the contracting officer disallow \$131,961 in OBRA 90 claim payment errors, and have the Plan return all amounts recovered to the FEHBP.</p>	<p>- Agreed &amp; Disallowed \$131,961 - Disagreed &amp; Allowed \$0.</p>	<p>- \$0 has been recovered. - \$0 was appealed &amp; sustained based on supporting documentation provided by the Plan. - \$131,961 remains a receivable.</p> <p>As of May 26, 2009, the contracting officer was in the process of reviewing the Plan's position relating to the provider contract issue. Until that time, \$131,961 remains unallowable charges to the FEHBP.</p> <p>The contracting officer is currently reviewing the contract limitation issue. In fact, the OIG and the Contracting Office are jointly reviewing the effects of provider contract recovery limitations on the FEHB Program as a whole.</p> <p>The FEP Director's Office is in the process of implementing an overpayment recovery action plan. The action plan will include steps, which those BCBS plans with recovery limitations in their provider contracts will follow, to reduce the occurrence of uncollectible overpayments due to recovery time limits. The action plan is intended to proactively reduce overpayments, increase early identification of overpayments, and promote timely recovery of overpayments.</p> <p>- Long Term</p>	\$131,961	N/A
---	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------	-----



Report #: <u>1A-10-09-05-087</u>		Date Issued: <u>February 27, 2007</u>				
Subject: <u>Audit of BlueCross BlueShield of Alabama</u>		Report Type: <u>FEHBP – BlueCross BlueShield Plan</u>				
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
2	<u>Improper Claim Payments: OBRA 90 Claims</u> – The Plan incorrectly paid 74 claims, resulting in net overcharges of \$602,849 to the FEHBP. Specifically, the Plan overpaid 56 claims by \$722,347 and underpaid 18 claims by \$119,498.  <u>Note:</u> The underpayments were included in a different recommendation.	We recommend that the contracting officer disallow \$722,347 in claim overcharges and have the Plan return all amounts recovered to the FEHBP.	- Agreed & Disallowed \$722,347.  - Disagreed & Allowed \$0.	- \$492,837 has been recovered.  - \$0 was appealed & sustained based on supporting documentation provided by the Plan.  - \$229,510 remains a receivable.  OPM is in the process of reviewing the remaining documentation. (Based on an audit resolution letter, dated September 10, 2009)  - Long Term	\$722,347  Total 2002 - 2004	N/A
4	<u>Improper Claim Payments: Assistant Surgeon Claims</u> –The Plan incorrectly paid seven assistant surgeon claims. As a result, the FEHBP was overcharged \$9,424.	We recommend that the contracting officer disallow \$9,424 in claim overcharges and have the Plan return all amounts recovered to the FEHBP.	- Agreed & Disallowed \$9,424.  - Disagreed & Allowed \$0.	- \$8,524 has been recovered.  - \$0 was appealed & sustained based on supporting documentation provided by the Plan.  - \$900 remains a receivable.  OPM is in the process of reviewing the remaining documentation. (Based on an audit resolution letter, dated September 10, 2009)  - Long Term	\$9,424  Total 2002 - 2004	N/A

Report #: <b><u>1A-99-00-05-023</u></b>		Date Issued: <b><u>March 29, 2007</u></b>				
Subject: <b><u>Global Audit on Coordination of Benefits (2003)</u></b>		Report Type: <b><u>FEHBP – BlueCross and BlueShield Plans</u></b>				
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Improper Claim Payments: Coordination of Benefits with Medicare</u> – The BCBS plans did not properly coordinate 28,929 claim line payments with Medicare as required by the FEHBP contract. As a result, the FEHBP paid as the primary insurer for these claims when Medicare was the primary insurer. Therefore, we estimate that the FEHBP was overcharged by \$9,824,631 for these claim lines.	We recommend that the contracting officer disallow \$9,824,631 for uncoordinated claim payments and have the BCBS plans return all amounts recovered to the FEHBP.	<ul style="list-style-type: none"> <li>- Agreed &amp; Disallowed \$9,028,554.</li> <li>- Disagreed &amp; Allowed \$796,077.</li> </ul>	<ul style="list-style-type: none"> <li>- \$7,046,989 has been recovered.</li> <li>- \$677,141 was appealed &amp; sustained based on supporting documentation provided by the Plan.</li> <li>- \$1,304,424 remains a receivable.</li> </ul> <p>As of April 6, 2010, until the Association provides supporting documentation and/or a certification, the remaining questioned charges of \$1,304,424 continue to be unallowable charges to the FEHBP.</p> <p>Based on the April 6, 2010 audit resolution letter, the remaining balance now equals \$1,304,424. This change is not reflected in the ARRTS output dated March 30, 2010.</p> <ul style="list-style-type: none"> <li>- Long Term</li> </ul>	\$8,351,413 (Recovered + Receivable) Total CY 2003 (All BCBS plans)	N/A

Report #: **1A-10-30-05-069**Date Issued: **April 25, 2007**Subject: **Audit of WellPoint BCBS of Colorado**Report Type: **BlueCross BlueShield Plan**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Health Benefit Charges – Claim Payments - Omnibus Budget Reconciliation Act of 1990 (OBRA 90) Pricing Errors</u> – The Plan incorrectly paid 168 claims that were priced or potentially should have been priced under the OBRA 90 pricing guidelines, resulting in net overcharges of \$1,062,704 to the FEHBP. Specifically, the Plan overpaid 137 claims by \$1,137,371 and underpaid 31 claims by \$74,667.  <u>Note:</u> The underpayments were included in a different recommendation.	We recommend that the contracting officer disallow \$1,137,371 in claim overcharges, and have the Plan return all amounts recovered to the FEHBP.	- Agreed & Disallowed \$1,101,000  - Disagreed & Allowed \$36,371.	- \$657,802 has been recovered. - \$132,241 was appealed & sustained based on supporting documentation provided by the Plan. - \$310,957 remains a receivable.  As of September 9, 2009, until the Association provides supporting documentation and/or a certification, \$310,957 remains an unallowable charge to the FEHBP.  - Long Term	\$968,759 (Recovered + Receivable)	N/A
3	<u>Health Benefit Charges – Claim Payments - Omnibus Budget Reconciliation Act of 1990 (OBRA 90) Pricing Errors</u> – See Above	We recommend that the contracting officer ensure that the Plan completes the expanded review of the four providers where the contract rates were incorrect in the Plan's local pricing system. Also, the contracting officer should ensure that the Plan makes the appropriate adjustments to correct any claim payment errors identified from this expanded review.	Agreed – Procedural Finding	The Plan has not provided support ensuring completion of the expanded review of the four providers where the contract rates were incorrect in the Plan's local pricing system. (Based on a letter to the Association dated March 10, 2008)  - Long Term	Unable to determine at this time.	N/A

5	<p><u>Health Benefit Charges – Claim Payments – Amounts Paid Greater than Covered Charges</u> – The Plan incorrectly paid 43 claims, resulting in net overcharges of \$284,531 to the FEHBP. Specifically, the Plan overpaid 37 claims by \$313,004 and underpaid 6 claims by \$28,473.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	<p>We recommend that the contracting officer disallow \$313,004 in claim overcharges, and have the Plan return all amounts recovered to the FEHBP.</p>	<p>- Agreed &amp; Disallowed \$312,702</p> <p>- Disagreed &amp; Allowed \$302.</p>	<p>- \$241,498 has been recovered.</p> <p>- \$22,028 was appealed &amp; sustained based on supporting documentation provided by the Plan.</p> <p>- \$49,176 remains a receivable.</p> <p>As of September 9, 2009, until the Association provides supporting documentation and/or a certification, \$49,176 remains an unallowable charge to the FEHBP.</p> <p>- Long Term</p>	<p>\$290,674 (Recovered + Receivable)</p>	<p>N/A</p>
8	<p><u>Health Benefit Charges – Claim Payments - Assistant Surgeon Claims</u> – The Plan incorrectly paid 13 claims, resulting in overcharges of \$16,279 to the FEHBP.</p>	<p>We recommend that the contracting officer disallow \$16,279 in claim overcharges, and have the Plan return all amounts recovered to the FEHBP.</p>	<p>- Agreed &amp; Disallowed \$16,279</p> <p>- Disagreed &amp; Allowed \$0.</p>	<p>- \$11,093 has been recovered.</p> <p>- \$559 was appealed &amp; sustained based on supporting documentation provided by the Plan.</p> <p>- \$4,627 remains a receivable.</p> <p>As of September 9, 2009, until the Association provides supporting documentation and/or a certification, \$4,627 remains an unallowable charge to the FEHBP.</p> <p>- Long Term</p>	<p>\$15,720</p>	<p>N/A</p>
9	<p><u>Health Benefit Charges – Claim Payments - System Review</u> – The Plan incorrectly paid three claims. As a result, the FEHBP was overcharged \$12,468.</p>	<p>We recommend that the contracting officer disallow \$12,468 in claim overcharges, and have the Plan return all amounts recovered to the FEHBP.</p>	<p>- Agreed &amp; Disallowed \$12,468</p> <p>- Disagreed &amp; Allowed \$0.</p>	<p>- \$9,991 has been recovered.</p> <p>- \$746 was appealed &amp; sustained based on supporting documentation provided by the Plan.</p> <p>- \$1,731 remains a receivable.</p> <p>As of September 9, 2009, until the Association provides supporting documentation and/or a certification, \$1,731 remains an unallowable charge to the FEHBP.</p> <p>- Long Term</p>	<p>\$11,722</p>	<p>N/A</p>

Report #: <b>1A-10-15-05-046</b>		Date Issued: <b>July 25, 2007</b>				
Subject: <b>Audit of BlueCross BlueShield of Tennessee</b>		Report Type: <b>FEHBP – BlueCross BlueShield Plan</b>				
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<p><b>Improper Claim Payments:</b>  <b>OBRA 90 Claims</b> – The Plan incorrectly paid 97 claims that were priced or potentially should have been priced under the OBRA 90 pricing guidelines, resulting in net overcharges of \$986,304 to the FEHBP. Specifically, the Plan overpaid 82 claims by \$1,028,899 and underpaid 15 claims by \$42,595.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	We recommend that the contracting officer disallow \$1,028,899 in claim overcharges, and have the Plan return all amounts recovered to the FEHBP.	<ul style="list-style-type: none"> <li>- Agreed &amp; Disallowed \$1,028,899.</li> <li>- Disagreed &amp; Allowed \$0.</li> </ul>	<ul style="list-style-type: none"> <li>- \$89,234 has been recovered.</li> <li>- \$0 appealed &amp; sustained based on supporting documentation provided by the Plan.</li> <li>- \$939,665 remains a receivable.</li> </ul> <p>The contracting officer is reviewing the Plan's position relating to the provider contract issue. Until that time, \$939,665 remains an unallowable charge to the FEHBP.</p> <p>The contracting officer is currently reviewing the contract limitation issue. In fact, the OIG and the Contracting Office are jointly reviewing the effects of provider contract recovery limitations on the FEHB Program as a whole.</p> <p>The FEP Director's Office is in the process of implementing an overpayment recovery action plan. The action plan will include steps, which those BCBS plans with recovery limitations in their provider contracts will follow, to reduce the occurrence of uncollectible overpayments due to recovery time limits. The action plan is intended to proactively reduce overpayments, increase early identification of overpayments, and promote timely recovery of overpayments.</p> <ul style="list-style-type: none"> <li>- Long Term</li> </ul>	<p>\$1,028,899</p> <p>Total</p> <p>2001 – 2003</p>	N/A

4	<p><u>Improper Claim Payments:</u>  <u>Claim Payment Errors</u> – The Plan incorrectly paid 285 claims, resulting in net overcharges of \$481,439. Specifically, the Plan overpaid 283 claims by \$484,508 and underpaid 2 claims by \$3,069.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	<p>We recommend that the contracting officer disallow \$484,508 in claim overcharges, and have the Plan return all amounts recovered to the FEHBP.</p>	<p>- Agreed &amp; Disallowed \$484,508.                      - Disagreed &amp; Allowed \$0.</p>	<p>- \$94,214 has been recovered.                      - \$0 was appealed &amp; sustained based on supporting documentation provided by the Plan.                      - \$390,294 remains a receivable.</p> <p>The contracting officer is reviewing the Plan's position relating to the provider contract issue. Until that time, \$390,294 remains an unallowable charge to the FEHBP.</p> <p>- Long Term</p>	<p>\$484,508                      Total                      2001 – 2003</p>	<p>N/A</p>
---	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------	------------

Report #: **1A-10-33-06-037**Date Issued: **August 28, 2007**Subject: **Audit of BlueCross BlueShield of North Carolina**Report Type: **FEHBP – BlueCross BlueShield Plan**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<p><u>Improper Claim Payments: OBRA 90 Claims</u> – The Plan incorrectly paid 50 claims that were priced or potentially should have been priced under the OBRA 90 pricing guidelines, resulting in net overcharges of \$561,118 to the FEHBP. Specifically, the Plan overpaid 35 claims by \$667,094 and underpaid 15 claims by \$105,976.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	We recommend that the contracting officer disallow \$667,094 in claim overcharges, and have the Plan return all amounts recovered to the FEHBP.	<p>- Agreed &amp; Disallowed \$667,094.</p> <p>- Disagreed &amp; Allowed \$0.</p>	<p>- \$276,783 has been recovered.</p> <p>- \$100 appealed &amp; sustained based on supporting documentation provided by the Plan.</p> <p>- \$390,211 remains a receivable.</p> <p>Until the Association provides supporting documentation and/or a certification, \$390,211 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated September 16, 2009)</p> <p>- Long Term</p>	\$666,994 Total 2002 – 2004 (Recovered + Receivable)	N/A
4	<p><u>Improper Claim Payments: Claim Payment Errors</u> – The Plan incorrectly paid 254 claims, resulting in net overcharges of \$461,098 to the FEHBP. Specifically, the Plan overpaid 223 claims by \$486,096 and underpaid 31 claims by \$24,998.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	We recommend that the contracting officer disallow \$400,596 (\$486,096 overcharge - \$85,500 amount previously returned) in claim overcharges, and have the Plan return all amounts recovered to the FEHBP.	<p>- Agreed &amp; Disallowed \$400,596.</p> <p>- Disagreed &amp; Allowed \$0.</p>	<p>- \$111,060 has been recovered.</p> <p>- \$1,185 was appealed &amp; sustained based on supporting documentation provided by the Plan.</p> <p>- \$288,351 remains a receivable.</p> <p>Until the Association provides supporting documentation and/or a certification, \$288,351 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated September 16, 2009)</p> <p>- Long Term</p>	\$399,411 Total 2002 – 2004 (Recovered + Receivable)	N/A

Report #: <b>1A-10-41-06-054</b>		Date Issued: <b>October 12, 2007</b>				
Subject: <b>Audit of BlueCross BlueShield of Florida</b>		Report Type: <b>FEHBP – BlueCross BlueShield Plan</b>				
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Improper Claim Payments: Claim Payment Errors</u> – The Plan incorrectly paid 226 claims resulting in net overcharges of \$999,431 to the FEHBP. Specifically, the Plan overpaid 215 claims by \$1,042,171 and underpaid 11 claims by \$42,740.  <u>Note:</u> The underpayments were included in a different recommendation.	We recommend that the contracting officer disallow \$1,042,171 in claim overcharges and have the Plan return all amounts recovered to the FEHBP.	- Agreed & Disallowed \$1,040,437. - Disagreed & Allowed \$1,734.	- \$947,184 has been recovered. - \$36,493 appealed & sustained based on supporting documentation provided by the Plan. - \$56,760 remains a receivable. Until the Association provides supporting documentation and/or a certification, \$56,760 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated September 16, 2009) - Long Term	\$1,003,944  Total 2003 – 2005 (Recovered + Receivable)	N/A
4	<u>Improper Claim Payments: OBRA 90 Claims</u> – The Plan incorrectly paid 56 claims that were priced or potentially should have been priced under the Omnibus Budget Reconciliation Act of 1990 (OBRA 90) pricing guidelines, resulting in net overcharges of \$146,220 to the FEHBP. Specifically, the Plan overpaid 38 claims by \$535,810 and underpaid 18 claims by \$389,590.  <u>Note:</u> The underpayments were included in a different recommendation.	We recommend that the contracting officer disallow \$535,810 in claim overcharges and have the Plan return all amounts recovered to the FEHBP.	- Agreed & Disallowed \$535,810. - Disagreed & Allowed \$0.	- \$292,958 has been recovered. - \$101,605 was appealed & sustained based on supporting documentation provided by the Plan. - \$141,247 remains a receivable. Until the Association provides supporting documentation and/or a certification, \$141,247 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated September 16, 2009) - Long Term	\$434,205  Total 2003 – 2005 (Recovered + Receivable)	N/A



9	<u>Administrative Expenses: State Income Taxes</u> – The Plan charged the FEHBP \$1,700,378 in unreasonable state income taxes from 2002 through 2005.	We recommend that the contracting officer disallow \$1,700,378 in unreasonable state income taxes charged to the FEHBP from 2002 through 2005.	<ul style="list-style-type: none"> <li>- Agreed &amp; Disallowed \$1,700,378</li> <li>- Disagreed &amp; Allowed \$0.</li> </ul>	<ul style="list-style-type: none"> <li>- \$0 has been recovered.</li> <li>- \$0 was appealed &amp; sustained based on supporting documentation provided by the Plan.</li> <li>- \$1,700,378 remains a receivable.</li> </ul> <p>OPM is reviewing information provided by the Association/Plan for this issue. Until OPM's review is complete, \$1,700,378 remains an unallowable charge to the FEHBP.</p> <ul style="list-style-type: none"> <li>- Long Term</li> </ul>	\$1,700,378 Total 2002 – 2005	N/A
11	<u>Lost Investment Income on Audit Findings</u> – As a result of the audit findings presented in this report, the FEHBP is due LII of \$177,575 from January 1, 2003 through December 31, 2006.	We recommend that the contracting officer direct the Plan to credit \$177,575 (plus interest accruing after December 31, 2006) to the Special Reserve for LII on audit findings.	<ul style="list-style-type: none"> <li>- Agreed &amp; Disallowed \$177,575</li> <li>- Disagreed &amp; Allowed \$0.</li> </ul>	<ul style="list-style-type: none"> <li>- \$0 has been recovered.</li> <li>- \$0 was appealed &amp; sustained based on supporting documentation provided by the Plan.</li> <li>- \$194,439 remains a receivable.</li> </ul> <p>Lost Investment Income continues to accrue on the State Income Tax audit finding until the finding is resolved.</p> <ul style="list-style-type: none"> <li>- Long Term</li> </ul>	\$194,439 Includes additional accrued interest of \$16,864	N/A

Report #: **1A-10-40-07-022**Date Issued: **December 14, 2007**Subject: **Audit of BlueCross BlueShield of Mississippi**Report Type: **FEHBP – BlueCross BlueShield Plan**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<p><u>Improper Claim Payments:</u>  <u>OBRA 90 Claims</u> – The Plan incorrectly paid 60 claims that were priced or potentially should have been priced under the Omnibus Budget Reconciliation Act of 1990 (OBRA 90) pricing guidelines, resulting in net overcharges of \$500,132 to the FEHBP. Specifically, the Plan overpaid 48 claims by \$540,250 and underpaid 12 claims by \$40,118.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	We recommend that the contracting officer disallow \$540,250 for claim overcharges and have the Plan return all amounts recovered to the FEHBP.	<p>- Agreed &amp; Disallowed \$574,250.</p> <p>- Disagreed &amp; Allowed \$0.</p>	<p>- \$487,485 has been recovered.</p> <p>- \$40,118 appealed &amp; sustained based on supporting documentation provided by the Plan.</p> <p>- \$12,647 remains a receivable.</p> <p>Until the Association provides documentation and/or a certification, \$12,647 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated March 10, 2010)</p> <p>- Long Term</p>	<p>\$500,132</p> <p>Total</p> <p>2003 – 2006 (Recovered + Receivable)</p>	N/A
4	<p><u>Improper Claim Payments:</u>  <u>Claim Payment Errors</u> – The Plan incorrectly paid 214 claims, resulting in net overcharges of \$235,711 to the FEHBP. Specifically, the Plan overpaid 207 claims by \$237,822 and underpaid 7 claims by \$2,111.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	We recommend that the contracting officer disallow \$237,822 in claim overcharges and have the Plan return all amounts recovered to the FEHBP.	<p>- Agreed &amp; Disallowed \$191,109.</p> <p>- Disagreed &amp; Allowed \$46,713.</p>	<p>- \$168,921 has been recovered.</p> <p>- \$3,496 was appealed &amp; sustained based on supporting documentation provided by the Plan.</p> <p>- \$16,692 remains a receivable.</p> <p>Until the Association provides documentation and/or a certification, \$16,692 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated March 10, 2010)</p> <p>- Long Term</p>	<p>\$185,613</p> <p>Total</p> <p>2003 – 2006 (Recovered + Receivable)</p>	N/A

Report #: <b>1A-10-42-07-004</b>		Date Issued: <b>December 14, 2007</b>				
Subject: <b>Audit of BlueCross BlueShield of Kansas City</b>		Report Type: <b>FEHBP – BlueCross BlueShield Plan</b>				
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<p><u>Improper Claim Payments: OBRA 90 Claims</u> – The Plan incorrectly paid 28 claims that were priced or potentially should have been priced under the Omnibus Budget Reconciliation Act of 1990 (OBRA 90) pricing guidelines, resulting in net overcharges of \$101,861 to the FEHBP. Specifically, the Plan overpaid 21 claims by \$115,904 and underpaid 7 claims by \$14,043.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	We recommend that the contracting officer disallow \$115,904 for claims overcharges and have the Plan return all amounts recovered to the FEHBP.	<p>- Agreed &amp; Disallowed \$115,723.</p> <p>- Disagreed &amp; Allowed \$181.</p>	<p>- \$14,547 has been recovered.</p> <p>- \$0 appealed &amp; sustained based on supporting documentation provided by the Plan.</p> <p>- \$101,176 remains a receivable.</p> <p>The contracting officer is reviewing the Plan's position relating to the provider contract issue. Until OPM's review of this issue is completed, \$101,176 remains an unallowable charge to the FEHBP. (Audit resolution letter dated June 5, 2008)</p> <p>The contracting officer is currently reviewing the contract limitation issue. In fact, the OIG and the Contracting Office are jointly reviewing the effects of provider contract recovery limitations on the FEHB Program as a whole.</p> <p>The FEP Director's Office is in the process of implementing an overpayment recovery action plan. The action plan will include steps, which those BCBS plans with recovery limitations in their provider contracts will follow, to reduce the occurrence of uncollectible overpayments due to recovery time limits. The action plan is intended to proactively reduce overpayments, increase early identification of overpayments, and promote timely recovery of overpayments.</p> <p>- Long Term</p>	<p>\$115,723</p> <p>Total</p> <p>2003 – 2005</p> <p>(Recovered + Receivable)</p>	N/A

4	<u>Improper Claim Payments:</u> <u>Claim Payment Errors</u> – The Plan incorrectly paid 199 claims, resulting in overcharges of \$95,841 to the FEHBP.	We recommend that the contracting officer disallow \$95,841 for claims overcharges and have the Plan return all amounts recovered to the FEHBP.	- Agreed & Disallowed \$88,039. - Disagreed & Allowed \$7,802.	- \$41,987 has been recovered. - \$0 was appealed & sustained based on supporting documentation provided by the Plan. - \$46,052 remains a receivable. The contracting officer is reviewing the Plan's position relating to the provider contract issue. Until OPM's review of this issue is completed, \$46,052 remains an unallowable charge to the FEHBP. (Audit resolution letter dated June 5, 2008) - Long Term	\$88,039 Total 2003 – 2005 (Recovered + Receivable)	N/A
---	-----------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------	-----

Report #: <u>1A-10-07-07-016</u>		Date Issued: <u>January 18, 2008</u>				
Subject: <u>Audit of BlueCross BlueShield of Louisiana</u>		Report Type: <u>FEHBP – BlueCross BlueShield Plan</u>				
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Improper Claim Payments: OBRA 90 Claims</u> – The Plan incorrectly paid 35 claims, resulting in net overcharges of \$347,741 to the FEHBP. Specifically, the Plan overpaid 29 claims by \$405,357 and underpaid 6 claims by \$57,616. <u>Note:</u> The underpayments were included in a different recommendation.	We recommend that the contracting officer disallow \$405,357 in claim overcharges and have the Plan return all amounts recovered to the FEHBP.	- Agreed & Disallowed \$405,357.  - Disagreed & Allowed \$0.	- \$0 has been recovered. - \$0 appealed & sustained based on supporting documentation provided by the Plan. - \$405,357 remains a receivable.  The contracting officer is reviewing the Plan’s position relating to the provider contract issue. Until OPM’s review of this issue is completed, \$405,357 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated February 18, 2009)  The contracting officer is currently reviewing the contract limitation issue. In fact, the OIG and the Contracting Office are jointly reviewing the effects of provider contract recovery limitations on the FEHB Program as a whole.  The FEP Director’s Office is in the process of implementing an overpayment recovery action plan. The action plan will include steps, which those BCBS plans with recovery limitations in their provider contracts will follow, to reduce the occurrence of uncollectible overpayments due to recovery time limits. The action plan is intended to proactively reduce overpayments, increase early identification of overpayments, and promote timely recovery of overpayments.  - Long Term	\$405,357  Total 2003 – 2006 (Recovered + Receivable)	N/A

4	<p><u>Improper Claim Payments:</u>  <u>Claim Payment Errors</u> - The Plan incorrectly paid 73 claims, resulting in net overcharges of \$161,750 to the FEHBP. Specifically, the Plan overpaid 71 claims by \$162,174 and underpaid 2 claims by \$424.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	<p>We recommend that the contracting officer disallow \$162,174 in claim overcharges and have the Plan return all amounts recovered to the FEHBP.</p>	<p>- Agreed &amp; Disallowed \$162,174.                      - Disagreed &amp; Allowed \$0.</p>	<p>- \$7,028 has been recovered.                      - \$2,828 was appealed &amp; sustained based on supporting documentation provided by the Plan.                      - \$152,318 remains a receivable.</p> <p>The contracting officer is reviewing the Plan's position relating to the provider contract issue. Until OPM's review of this issue is completed, \$152,318 remains an unallowable charge to the FEHBP. (Audit resolution letter dated February 18, 2009)</p> <p>- Long Term</p>	<p>\$159,346                      Total                      2003 – 2006                      (Recovered                      +                      Receivable)</p>	N/A
---	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----

Report #: <u>1A-10-18-06-052</u>		Date Issued: <u>February 20, 2008</u>				
Subject: <u>Audit of WellPoint Midwest (IN, KY, &amp; OH)</u>		Report Type: <u>FEHBP – BlueCross BlueShield Plan</u>				
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Improper Claim Payments: Claim Payment Errors</u> – The Plan incorrectly paid 330 claims, resulting in net overcharges of \$1,689,992 to the FEHBP. Specifically, the Plan overpaid 316 claims by \$1,699,541 and underpaid 14 claims by \$9,549.  <u>Note:</u> The underpayments were included in a different recommendation.	We recommend that the contracting officer disallow \$1,699,541 in claim overcharges, and verify that the Plan returns all amounts recovered to the FEHBP	- Agreed & Disallowed \$1,688,822.  - Disagreed & Allowed \$10,719.	- \$1,600,501 has been recovered.  - \$3,729 appealed & sustained based on supporting documentation provided by the Plan.  - \$84,592 remains a receivable.  OPM is reviewing the documentation provided for the contested and/or uncollectible amounts. Until OPM’s review is completed, \$84,592 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated April 6, 2010)  Based on the April 6, 2010 audit resolution letter, the remaining balance now equals \$84,592. This change is not reflected in the ARRTS output dated March 30, 2010.  - Long Term	\$1,685,093  Total 2003 – 2005 (Recovered + Receivable)	N/A

4	<p><u>Improper Claim Payments:</u>  <u>OBRA 90 Claims</u> – The Plan incorrectly paid 125 claims that were priced or potentially should have been priced under the OBRA 90 pricing guidelines, resulting in net overcharges of \$1,359,274 to the FEHBP. Specifically, the Plan overpaid 83 claims by \$1,467,969 and underpaid 42 claims by \$108,695.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	<p>We recommend that the contracting officer disallow \$1,467,969 for claim overcharges, and verify that the Plan returns all amounts recovered to the FEHBP.</p>	<p>- Agreed &amp; Disallowed \$1,443,515.          - Disagreed &amp; Allowed \$24,454.</p>	<p>- \$1,041,972 has been recovered.          - \$61,557 was appealed &amp; sustained based on supporting documentation provided by the Plan.          - \$339,986 remains a receivable.          OPM is reviewing the documentation provided for the contested and/or uncollectible amounts. Until OPM's review is completed, \$339,986 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated April 6, 2010)          Based on the April 6, 2010 audit resolution letter, the remaining balance now equals \$339,986. This change is not reflected in the ARRTS output dated March 30, 2010.</p> <p>Note: The Association has developed a corrective action plan to reduce OBRA 90 findings for BCBS plans. However, while improvements have been made, this continues to be an issue for BCBS.</p> <p>- Long Term</p>	<p>\$1,381,958          Total          2003 – 2005          (Recovered          +          Receivable)</p>	<p>N/A</p>
---	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------	------------



Report #: **1A-10-99-06-001**Date Issued: **March 20, 2008**Subject: **Global Audit on Coordination of Benefits (2004)**Report Type: **FEHBP – BlueCross and BlueShield Plans**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Improper Claim Payments: Coordination of Benefits with Medicare</u> – The BCBS plans did not properly coordinate 12,894 claim line payments with Medicare as required by the FEHBP contract. As a result, the FEHBP paid as the primary insurer for these claims when Medicare was the primary insurer. Therefore, we estimate that the FEHBP was overcharged by \$6,150,380 for these claim lines.	We recommend that the contracting officer disallow \$6,150,380 for uncoordinated claim payments and have the BCBS plans return all amounts recovered to the FEHBP.	<ul style="list-style-type: none"> <li>- Agreed &amp; Disallowed \$6,077,265.</li> <li>- Disagreed &amp; Allowed \$73,115.</li> </ul>	<ul style="list-style-type: none"> <li>- \$4,171,827 has been recovered.</li> <li>- \$968,352 (\$748,685 + \$219,667) was appealed &amp; sustained based on supporting documentation provided by the Plan.</li> <li>- \$937,086 remains a receivable.</li> </ul> <p>Until the Association provides supporting documentation and/or a certification, the remaining balance of \$937,086 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated March 29, 2010)</p> <ul style="list-style-type: none"> <li>- Long Term</li> </ul>	<p>\$5,108,913 (Recovered + Receivable) Total CY 2004  (All BCBS plans)</p>	N/A

Report #: <b><u>1A-99-00-08-007</u></b>			Date Issued: <b><u>June 25, 2008</u></b>			
Subject: <b><u>Global Audit on Coordination of Benefits (2006)</u></b>			Report Type: <b><u>FEHBP – BlueCross and BlueShield Plans</u></b>			
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Improper Claim Payments: Coordination of Benefits with Medicare</u> – The BCBS plans did not properly coordinate 7,127 claim line payments, totaling \$4,096,596, with Medicare as required by the FEHBP contract. As a result, the FEHBP paid as the primary insurer for these claims when Medicare was the primary insurer. Therefore, we estimate that the FEHBP was overcharged by \$2,558,643 for these claim lines.	We recommend that the contracting officer disallow \$2,558,643 for uncoordinated claim payments, and have the BCBS plans return all amounts recovered to the FEHBP.	<ul style="list-style-type: none"> <li>- Agreed &amp; Disallowed \$2,558,643.</li> <li>- Disagreed &amp; Allowed \$0.</li> </ul>	<ul style="list-style-type: none"> <li>- \$1,573,293 has been recovered.</li> <li>- \$388,714 was appealed &amp; sustained based on supporting documentation provided by the Plan.</li> <li>- \$596,636 remains a receivable.</li> </ul> <p>OPM is in the process of reviewing documentation provided by the Association. Until that time, the remaining balance of \$596,636 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated November 30, 2009)</p> <ul style="list-style-type: none"> <li>- Long Term</li> </ul>	\$2,169,929 (Recovered + Receivable) Total CY 2006  (All BCBS plans)	N/A

Report #: **1A-99-00-08-009**Date Issued: **August 11, 2008**Subject: **Global Audit on Coordination of Benefits (2005)**Report Type: **FEHBP – BlueCross and BlueShield Plans**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Improper Claim Payments: Coordination of Benefits with Medicare</u> – The BCBS plans did not properly coordinate 7,248 claim line payments, totaling \$4,535,530, with Medicare as required by the FEHBP contract. As a result, the FEHBP paid as the primary insurer for these claims when Medicare was the primary insurer. Therefore, we estimate that the FEHBP was overcharged by \$3,366,080 for these claim lines.	We recommend that the contracting officer disallow \$3,366,080 for uncoordinated claim payments, and have the BCBS plans return all amounts recovered to the FEHBP.	<ul style="list-style-type: none"> <li>- Agreed &amp; Disallowed \$3,195,228.</li> <li>- Disagreed &amp; Allowed \$170,852.</li> </ul>	<ul style="list-style-type: none"> <li>- \$2,330,594 has been recovered.</li> <li>- \$74,100 was appealed &amp; sustained based on supporting documentation provided by the Plan.</li> <li>- \$790,534 remains a receivable.</li> </ul> <p>Until the Association provides additional documentation and/or a certification, the balance of \$790,534 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated March 29, 2010)</p> <p>Based on the March 29, 2010 audit resolution letter, the remaining balance now equals \$790,534. This change is not reflected in the ARRTS output dated March 30, 2010.</p> <ul style="list-style-type: none"> <li>- Long Term</li> </ul>	\$3,121,128 (Recovered + Receivable) Total CY 2005  (All BCBS plans)	N/A

Report #: **1A-99-00-07-043**Date Issued: **September 5, 2008**Subject: **Audit of Health Care Service Corporation (IL & TX)**Report Type: **FEHBP – BlueCross BlueShield Plan**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<p><u>Improper Claim Payments: Claim Payment Errors</u> – The Plan incorrectly paid 7,292 claims, resulting in net overcharges of \$3,260,743 to the FEHBP. Specifically, the Plan overpaid 6,751 claims by \$3,293,780 and underpaid 541 claims by \$33,037.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	We recommend that the contracting officer disallow \$3,293,780 in claim overcharges, and verify that the Plan returns all amounts recovered to the FEHBP.	<ul style="list-style-type: none"> <li>- Agreed &amp; Disallowed \$3,293,780.</li> <li>- Disagreed &amp; Allowed \$0.</li> </ul>	<ul style="list-style-type: none"> <li>- \$2,908,002 has been recovered.</li> <li>- \$948 appealed &amp; sustained based on supporting documentation provided by the Plan.</li> <li>- \$384,830 remains a receivable.</li> </ul> <p>Until the Association provides additional documentation and/or a certification, the balance of \$384,830 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated April 6, 2010)</p> <p>Based on the April 6, 2010 audit resolution letter, the remaining balance now equals \$384,830. This change is not reflected in the ARRTS output dated March 30, 2010.</p> <ul style="list-style-type: none"> <li>- Long Term</li> </ul>	\$3,292,832 Total 2004 – 2006 (Recovered + Receivable)	N/A

4	<p><u>Improper Claim Payments:</u>  <u>OBRA 90 Claims</u> – The Plan incorrectly paid 190 claims that were priced or potentially should have been priced under the Omnibus Budget Reconciliation Act of 1990 pricing guidelines. Specifically, the Plan overpaid 169 claims by \$3,015,707 and underpaid 21 claims by \$152,091, resulting in net overcharges of \$2,863,616 to the FEHBP.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	<p>We recommend that the contracting officer disallow \$3,015,707 for claim overcharges, and verify that the Plan returns all amounts recovered to the FEHBP.</p>	<p>- Agreed &amp; Disallowed \$3,015,707.                      - Disagreed &amp; Allowed \$0.</p>	<p>- \$2,632,957 has been recovered.                      - \$29,109 was appealed &amp; sustained based on supporting documentation provided by the Plan.                      - \$353,641 remains a receivable.</p> <p>Until the Association provides additional documentation and/or a certification, the balance of \$353,641 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated April 6, 2010)</p> <p>Based on the April 6, 2010 audit resolution letter, the remaining balance now equals \$353,641. This change is not reflected in the ARRTS output dated March 30, 2010.</p> <p>Note: The Association has developed a corrective action plan to reduce OBRA 90 findings for BCBS plans. However, while improvements have been made, this continues to be an issue for BCBS.</p> <p>- Long Term</p>	<p>\$2,986,598                      Total                      2004 – 2006                      (Recovered                      +                      Receivable)</p>	N/A
22	<p><u>Lost Investment Income on Audit Findings</u> - As a result of the audit findings presented in this report, the FEHBP is due LII of \$91,861 from January 1, 2003 through June 30, 2008.</p>	<p>We recommend that the contracting officer direct the Plan to credit \$91,861 (plus interest accruing after June 30, 2008) to the Special Reserve for LII on audit findings.</p>	<p>- Agreed &amp; Disallowed \$91,861                      - Disagreed &amp; Allowed \$0.</p>	<p>- \$78,456 has been recovered.                      - \$0 was appealed &amp; sustained based on supporting documentation provided by the Plan.                      - \$14,064 remains a receivable.</p> <p>Lost Investment Income continues to accrue until the audit findings are resolved.</p> <p>- Long Term</p>	<p>\$92,520                      Includes additional accrued interest of \$659</p>	N/A

Report #: **1A-99-00-08-008**Date Issued: **September 11, 2008**Subject: **Global Duplicate Claim Payments**Report Type: **FEHBP – BlueCross BlueShield Plans**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Improper Claim Payments: Duplicate Payments</u> – The BCBS plans improperly charged the FEHBP \$2,658,529 for 3,701 duplicate claim payments in 2004 and 2005. These payments were unnecessary and unallowable charges to the FEHBP.	We recommend that the contracting officer disallow \$2,658,529 for duplicate claim payments charged to the FEHBP, and have the BCBS plans return all amounts recovered to the FEHBP.	<ul style="list-style-type: none"> <li>- Agreed &amp; Disallowed \$2,658,529.</li> <li>- Disagreed &amp; Allowed \$0.</li> </ul>	<ul style="list-style-type: none"> <li>- \$2,117,545 has been recovered.</li> <li>- \$68,082 was appealed &amp; sustained based on supporting documentation provided by the Plan.</li> <li>- \$472,902 remains a receivable.</li> </ul> <p>Until the Association provides supporting documentation and/or a certification, the balance of \$472,902 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated March 29, 2010)</p> <p>Based on the March 29, 2010 audit resolution letter, the remaining balance now equals \$472,902. This change is not reflected in the ARRTS output dated March 30, 2010.</p> <ul style="list-style-type: none"> <li>- Long Term</li> </ul>	<p>\$2,590,447 (Recovered + Receivable)</p> <p>Total 2004 – 2005  (All BCBS plans)</p>	N/A

Report #: <b><u>1A-10-83-08-018</u></b>		Date Issued: <b><u>January 9, 2009</u></b>				
Subject: <b><u>Audit of HCSC - BlueCross BlueShield of Oklahoma</u></b>		Report Type: <b><u>FEHBP – BlueCross BlueShield Plan</u></b>				
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Improper Claim Payments: Claim Payment Errors</u> – The Plan overcharged the FEHBP \$1,382,373 for hospital level reimbursements made for professional services from January 2004 - July 2008.	We recommend that the contracting officer disallow \$1,382,373 for claim overcharges, and verify that the Plan returns all amounts recovered to the FEHBP.	<ul style="list-style-type: none"> <li>- Agreed &amp; Disallowed \$1,376,994.</li> <li>- Disagreed &amp; Allowed \$5,379.</li> </ul>	<ul style="list-style-type: none"> <li>- \$2,699 has been recovered.</li> <li>- \$0 appealed &amp; sustained based on supporting documentation provided by the Plan.</li> <li>- \$1,374,295 remains a receivable.</li> </ul> <p>Until the Association provides supporting documentation and/or a certification, the balance of \$1,374,295 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated July 1, 2009)</p> <ul style="list-style-type: none"> <li>- Long Term</li> </ul>	\$1,376,994 Total 2004 – 2008 (Recovered + Receivable)	N/A

4	<p><u>Improper Claim Payments:</u>  <u>OBRA 90 Claims</u> – The Plan incorrectly paid 52 claims that were priced or potentially should have been priced under the OBRA 90 pricing guidelines. Specifically, the Plan overpaid 43 claims by \$528,790 (\$263,449 for Rec #3 + \$265,341 for Rec #4) and underpaid 9 claims by \$43,471, resulting in net overcharges of \$485,319 to the FEHBP.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	<p>We recommend that the contracting officer disallow \$265,341 (\$528,790 overcharges - \$263,449 amount previously returned) in claim overcharges, and verify that the Plan returns all amounts recovered to the FEHBP.</p>	<p>- Agreed &amp; Disallowed \$265,150.                      - Disagreed &amp; Allowed \$191.</p>	<p>- \$33,088 has been recovered.                      - \$0 was appealed &amp; sustained based on supporting documentation.                      - \$232,062 remains a receivable.</p> <p>Until the Association provides supporting documentation and/or a certification, the balance of \$232,062 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated July 1, 2009)</p> <p><u>Note:</u> The contracting officer has recovered \$263,449 for recommendation #3.</p> <p><u>Note:</u> The Association has developed a corrective action plan to reduce OBRA 90 findings for BCBS plans. However, while improvements have been made, this continues to be an issue for BCBS.</p> <p>- Long Term</p>	<p>\$265,150                      Total                      2005 – 2007                      (Recovered                      +                      Receivable)</p>	N/A
8	<p><u>Improper Claim Payments:</u>  <u>Claim Payment Errors</u> – The Plan incorrectly paid 85 claims, resulting in net overcharges of \$177,982 to the FEHBP. Specifically, the Plan overpaid 74 claims by \$181,247 (\$13,630 for Rec #7 + \$167,617 for Rec #8) and underpaid 11 claims by \$3,265.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	<p>We recommend that the contracting officer disallow \$167,617 (\$181,247 questioned - \$13,630 amount previously returned) in claim overcharges, and verify that the Plan returns all amounts recovered to the FEHBP.</p>	<p>- Agreed &amp; Disallowed \$167,140                      - Disagreed &amp; Allowed \$477.</p>	<p>- \$110,500 has been recovered.                      - \$0 was appealed &amp; sustained based on supporting documentation provided by the Plan.                      - \$56,640 remains a receivable.</p> <p>Until the Association provides supporting documentation and/or a certification, the balance of \$56,640 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated July 1, 2009)</p> <p><u>Note:</u> The contracting officer has recovered \$13,630 for recommendation #7.</p> <p>- Long Term</p>	<p>\$167,140                      Total                      2005 – 2007                      (Recovered                      +                      Receivable)</p>	N/A



Report #: **1A-10-53-08-045**Date Issued: **January 7, 2009**Subject: **Audit of BlueCross BlueShield of Nebraska**Report Type: **FEHBP – BlueCross BlueShield Plan**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
2	<p><u>Improper Claim Payments: OBRA 90 Claims</u> – The Plan incorrectly paid 47 claims that were priced or potentially should have been priced under the OBRA 90 pricing guidelines. Specifically, the Plan overpaid 40 claims by \$441,688 (\$347,127 for Rec #1 and \$94,561 for Rec #2) and underpaid 7 claims by \$28,280, resulting in net overcharges of \$413,408 to the FEHBP.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	We recommend that the contracting officer disallow \$94,561 (\$441,688 overcharges - \$347,127 amount already returned) in claim overcharges, and verify that the Plan returns all amounts recovered to the FEHBP.	<p>- Agreed &amp; Disallowed \$94,561.</p> <p>- Disagreed &amp; Allowed 0.</p>	<p>- \$47,863 has been recovered.</p> <p>- \$0 was appealed &amp; sustained based on supporting documentation.</p> <p>- \$46,698 remains a receivable.</p> <p>OPM is reviewing the Association's position that \$45,628, relating to a provider contract issue, is uncollectible and should be allowable. Until OPM's review is completed, the balance of \$46,628 (\$45,628 – provider contract issue and \$1,070 – amount still due) remains an unallowable charge to the FEHBP. (Audit resolution letter, dated June 24, 2009)</p> <p><u>Note:</u> The contracting officer has recovered \$347,127 for recommendation #1.</p> <p><u>Note:</u> The Association has developed a corrective action plan to reduce OBRA 90 findings for BCBS plans. However, while improvements have been made, this continues to be an issue for BCBS.</p> <p>- Long Term</p>	\$94,561 Total 2005 – 2007 (Recovered + Receivable)	N/A

6	<p><u>Improper Claim Payments:</u>  <u>Claim Payment Errors</u> – The Plan incorrectly paid 76 claims, resulting in overcharges of \$26,919 to the FEHBP (\$16,046 for Rec #5 + \$10,873 for Rec #6). The following types of claim payment errors were identified: system review overpayments, amounts paid greater than covered charges, and assistant surgeon claim overpayments.</p>	<p>We recommend that the contracting officer disallow \$10,873 (\$26,919 questioned - \$16,046 amount already returned) in claim overcharges, and verify that the Plan returns all amounts recovered to the FEHBP.</p>	<p>- Agreed &amp; Disallowed \$10,666.                      - Disagreed &amp; Allowed \$207.</p>	<p>- \$8,681 has been recovered.                      - \$0 was appealed &amp; sustained based on supporting documentation provided by the Plan.                      - \$1,985 remains a receivable.                      Until the Association provides supporting documentation and/or a certification, the balance of \$1,985 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated June 24, 2009)  <u>Note:</u> The contracting officer has recovered \$16,046 for recommendation #5.                      - Long Term</p>	<p>\$10,666                      Total                      2005 – 2007                      (Recovered                      +                      Receivable)</p>	<p>N/A</p>
---	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------

Report #: **1A-10-44-08-046**Date Issued: **February 25, 2009**Subject: **Audit of BlueCross BlueShield of Arkansas**Report Type: **FEHBP – BlueCross BlueShield Plan**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<p><u>Improper Claim Payments: OBRA 90 Claims</u> – The Plan incorrectly paid 26 claims that were priced or potentially should have been priced under the OBRA 90 pricing guidelines. Specifically, the Plan overpaid 21 claims by \$147,576 and underpaid 5 claims by \$16,021, resulting in net overcharges of \$131,555 to the FEHBP.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	We recommend that the contracting officer disallow \$147,576 in claim overcharges, and verify that the Plan returns all amounts recovered to the FEHBP.	<p>- Agreed &amp; Disallowed \$147,576.</p> <p>- Disagreed &amp; Allowed 0.</p>	<p>- \$96,081 has been recovered.</p> <p>- \$17 was appealed &amp; sustained based on supporting documentation.</p> <p>- \$51,478 remains a receivable.</p> <p>Until the Association provides supporting documentation and/or a certification, the balance of \$51,478 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated August 25, 2009)</p> <p><u>Note:</u> The Association has developed a corrective action plan to reduce OBRA 90 findings for BCBS plans. However, while improvements have been made, this continues to be an issue for BCBS.</p> <p>- Long Term</p>	\$147,559 Total 2005 – 2007 (Recovered + Receivable)	N/A

4	<p><u>Improper Claim Payments:</u>  <u>Claim Payment Errors</u> – The Plan incorrectly paid 99 claims, resulting in overcharges of \$99,004 to the FEHBP. The following types of claim payment errors were identified: system review overpayments, amounts paid greater than covered charges, and assistant surgeon claim overpayments.</p>	<p>We recommend that the contracting officer disallow \$99,004 in claim overcharges, and verify that the Plan returns all amounts recovered to the FEHBP.</p>	<p>- Agreed &amp; Disallowed \$99,004.                      - Disagreed &amp; Allowed \$0.</p>	<p>- \$90,056 has been recovered.                      - \$580 was appealed &amp; sustained based on supporting documentation provided by the Plan.                      - \$8,368 remains a receivable.                      Until the Association provides supporting documentation and/or a certification, the balance of \$8,368 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated August 25, 2009)                        - Long Term</p>	<p>\$98,424                      Total                      2005 – 2007                      (Recovered                      +                      Receivable)</p>	<p>N/A</p>
---	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------

Report #: <u>1A-10-63-08-044</u>		Date Issued: <u>March 3, 2009</u>				
Subject: <u>Audit of WellPoint Southeast</u>		Report Type: <u>FEHBP – BlueCross BlueShield Plan</u>				
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Improper Claim Payments: Claim Payment Errors (Amounts Paid Greater than Covered Charges)</u> – The Plan incorrectly paid 20 claims, resulting in net overcharges of \$314,993 to the FEHBP. Specifically, the Plan overpaid 17 claims by \$317,383 and underpaid 3 claims by \$2,390. <u>Note:</u> The underpayments were included in a different recommendation.	We recommend that the contracting officer disallow \$317,383 in claim overcharges, and verify that the Plan returns all amounts recovered to the FEHBP.	- Agreed & Disallowed \$317,383. - Disagreed & Allowed \$0.	- \$215,763 has been recovered. - \$12,595 appealed & sustained based on supporting documentation provided by the Plan. - \$89,025 remains a receivable.  OPM is reviewing documentation provided by the Association to support specific questioned amounts as contested or uncollectible. Until OPM's review is completed, the balance of \$89,025 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated September 21, 2009.)  - Long Term	\$304,788  Total 2005 – 2007 (Recovered + Receivable)	N/A

3	<p><u>Improper Claim Payments: Claim Payment Errors (Assistant Surgeon Overpayments)</u> – The Plan incorrectly paid 185 assistant surgeon claims, resulting in overcharges of \$170,820 to the FEHBP.</p>	<p>We recommend that the contracting officer disallow \$170,820 in claim overcharges, and verify that the Plan returns all amounts recovered to the FEHBP.</p>	<p>- Agreed &amp; Disallowed \$168,987. - Disagreed &amp; Allowed \$1,833.</p>	<p>- \$163,578 has been recovered. - \$0 appealed &amp; sustained based on supporting documentation provided by the Plan. - \$5,409 remains a receivable.</p> <p>OPM is reviewing documentation provided by the Association to support specific questioned amounts as contested or uncollectible. Until OPM's review is completed, the balance of \$5,409 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated August 31, 2009.)</p> <p>- Long Term</p>	<p>\$168,987 Total 2005 – 2007 (Recovered + Receivable)</p>	N/A
4	<p><u>Improper Claim Payments: Claim Payment Errors (System Review Errors)</u> – The Plan incorrectly paid five claims, resulting in net overcharges of \$117,354 to the FEHBP. Specifically, the Plan overpaid four claims by \$118,617 and underpaid one claim by \$1,263. <u>Note:</u> The underpayment was included in a different recommendation.</p>	<p>We recommend that the contracting officer disallow \$118,617 in claim overcharges, and verify that the Plan returns all amounts recovered to the FEHBP.</p>	<p>- Agreed &amp; Disallowed \$118,617. - Disagreed &amp; Allowed \$0.</p>	<p>- \$108,282 has been recovered. - \$0 appealed &amp; sustained based on supporting documentation provided by the Plan. - \$10,335 remains a receivable.</p> <p>OPM is reviewing documentation provided by the Association to support specific questioned amounts as contested or uncollectible. Until OPM's review is completed, the balance of \$10,335 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated August 31, 2009.)</p> <p>- Long Term</p>	<p>\$118,617 Total 2007 (Recovered + Receivable)</p>	N/A

6	<p><u>Improper Claim Payments:</u>  <u>OBRA 90 Claims</u> – The Plan incorrectly paid 18 claims that were priced or potentially should have been priced under the OBRA 90, resulting in net overcharges of \$90,628 to the FEHBP. Specifically, the Plan overpaid 13 claims by \$120,647 and underpaid 5 claims by \$30,019.</p> <p><u>Note:</u> The underpayments were included in a different recommendation.</p>	<p>We recommend that the contracting officer disallow \$120,647 in claim overcharges, and verify that the Plan returns all amounts recovered to the FEHBP.</p>	<p>- Agreed &amp; Disallowed \$120,647.                      - Disagreed &amp; Allowed \$0.</p>	<p>- \$19,690 has been recovered.                      - \$75,336 was appealed &amp; sustained based on supporting documentation.                      - \$25,621 remains a receivable.</p> <p>OPM is reviewing documentation provided by the Association to support specific questioned amounts as contested or uncollectible. Until OPM's review is completed, the balance of \$25,621 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated September 21, 2009.)</p> <p><u>Note:</u> The Association has developed a corrective action plan to reduce OBRA 90 findings for BCBS plans. However, while improvements have been made, this continues to be an issue for BCBS.</p> <p>- Long Term</p>	<p>\$45,311                      Total                      2005 – 2007                      (Recovered                      +                      Receivable)</p>	<p>N/A</p>
---	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------

Report #: <b>1A-99-00-08-065</b>		Date Issued: <b>June 23, 2009</b>				
Subject: <b>Audit of Global Claims-to-Enrollment Match</b>		Report Type: <b>FEHBP – BlueCross BlueShield Plan</b>				
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Improper Claim Payments: Claims Paid for Ineligible Patients</u> – The BCBS plans paid 19,363 claim lines that were incurred when no patient enrollment records existed, during gaps in patient coverage, or after termination of patient coverage with the BCBS Service Benefit Plan, resulting in overcharges of \$2,961,748 to the FEHBP. These claims were paid for ineligible patients.	We recommend that the contracting officer disallow \$2,961,748 in claim payments for ineligible patients, and verify that the BCBS plans return all amounts recovered to the FEHBP.	- Agreed & Disallowed \$2,961,748. - Disagreed & Allowed \$0.	- \$995,364 has been recovered. - \$592 appealed & sustained based on supporting documentation provided by the Plan. - \$1,965,792 remains a receivable. OPM is continuing to review the questioned amounts that the plans have deemed as contested or uncollectible. Until the Association provides supporting documentation and/or a certification, the balance of \$1,965,792 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated March 22, 2010)  - Long Term	\$2,961,156  Total Jan 2005 – June 2008 (Recovered + Receivable)	N/A



2, 3 & 4	<p><u>Improper Claim Payments: Claims Paid for Ineligible Patients</u> – The BCBS plans paid 19,363 claim lines that were incurred when no patient enrollment records existed, during gaps in patient coverage, or after termination of patient coverage with the BCBS Service Benefit Plan.</p>	<p>We recommend that the contracting officer instruct the Association to develop a corrective action plan for identifying claims that were paid for ineligible patients so that the BCBS plans can initiate recovery efforts and recover overpayments in a timely manner.</p> <p>We recommend that the contracting officer instruct the Association to verify if the FEP Operations Center has effective procedures to ensure that members' enrollment data, such as effective and/or termination dates of coverage, is entered correctly into the FEP Enrollment System.</p> <p>We recommend that the contracting officer instruct the Association to have the FEP Operations Center either discontinue combining a member's claims paid under one "R" number or patient code with the claims history of a different "R" number or patient code, or provide the necessary claim adjustment records to the OIG to account for these changes.</p>	Agreed - Procedural Finding	<p>The OIG will continue to complete this global claims-to-enrollment match (all plans) <u>every 2 or 3 years</u>. This approach allows the individual BCBS plans the opportunity to initiate recovery efforts and recovery overpayments in a timely manner.</p> <p>The contracting officer is also working with the BCBS Association's FEP Director's Office in implementing a corrective action plan.</p> <p>Note: The FEP Director's Office is in the process of implementing an overpayment recovery action plan. The action plan will include steps, which those BCBS plans with recovery limitations in their provider contracts will follow, to reduce the occurrence of uncollectible overpayments due to recovery time limits. The action plan is intended to proactively reduce overpayments, increase early identification of overpayments, and promote timely recovery of overpayments. This action plan also includes steps for identifying claims that were paid for ineligible patients.</p>	\$1 M for CY 2009 & each future CY if not fixed	N/A
-------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------	-----

Report #: <b><u>1A-99-00-09-011</u></b>		Date Issued: <b><u>July 20, 2009</u></b>				
Subject: <b><u>Audit of Global Coordination of Benefits (2007)</u></b>		Report Type: <b><u>FEHBP – BlueCross BlueShield Plan</u></b>				
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Improper Claim Payments: Coordination of Benefits with Medicare</u> – The BCBS plans did not properly coordinate 12,751 claim line payments, totaling \$5,612,369, with Medicare as required by the FEHBP contract. As a result, the FEHBP paid as the primary insurer for these claims when Medicare was the primary insurer. Therefore, we estimate that the FEHBP was overcharged by \$4,387,806 for these claim lines.	We recommend that the contracting officer disallow \$4,387,806 for uncoordinated claim payments and verify that the BCBS plans return all amounts recovered to the FEHBP.	- Agreed & Disallowed \$4,387,727. - Disagreed & Allowed \$79.	- \$2,802,632 has been recovered. - \$68 appealed & sustained based on supporting documentation provided by the Plan. - \$1,585,027 remains a receivable. OPM is continuing to review the questioned amounts that the plans have deemed as contested and/or uncollectible. Until the Association provides supporting documentation and/or a certification, the balance of \$1585,027 remains an unallowable charge to the FEHBP. (Audit resolution letter, dated March 4, 2010)  - Long Term	\$4,387,659 Total 2007 (Recovered + Receivable)	N/A

3 & 4	<p><u>Improper Claim Payments: Coordination of Benefits with Medicare</u> – The BCBS plans did not properly coordinate 12,751 claim line payments with Medicare as required by the FEHBP contract. As a result, the FEHBP paid as the primary insurer for these claims when Medicare was the primary insurer.</p>	<p>We recommend that the contracting officer require the Association to ensure that the BCBS plans have procedures in place to review all claims incurred back to the Medicare effective dates when updated, other party liability information is added to the FEP national claims system. When Medicare eligibility is subsequently reported, the plans are expected to immediately determine if already paid claims are affected and, if so, to initiate the recovery process within 30 days.</p> <p>We recommend that the contracting officer require the Association to revise and correct the procedures regarding the input of Medicare Payment Disposition Codes. We also recommend that the software used for handling claims received electronically be reviewed to verify that it creates the appropriate value for Medicare Payment Disposition Codes. These corrective actions should ensure that the FEP system will utilize the special information when it is present to properly coordinate these claims.</p>	<p>Agreed - Procedural Finding</p>	<p>The OIG continues to complete this coordination of benefits (COB) review on a global (all plans) basis <u>every year</u>. This approach allows the individual plans the opportunity to recover all improperly coordinated claims in a timely manner.</p> <p>The contracting officer is also working with the BCBS Association FEP Directors Office in implementing a corrective action plan. However, while the situation is improving, COB continues to be a global BCBS issue. Our annual Global COB audit monitors the effectiveness of the corrective action plan and identifies on-going improper payments in this area.</p> <p>- Long term</p>	<p>\$4 M - \$5 M for CY 2008 &amp; each future CY if not fixed</p>	<p>N/A</p>
----------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------	------------

Enclosure 2  
Section B

U.S. Office of Personnel Management  
Office of the Inspector General  
Congressional Request  
Reports with Unimplemented Audit Recommendations

---

Section B

FEHBP Contractor

Other Experience-Rated Plans

Report #: **1D-80-00-04-058**Date Issued: **June 20, 2005**Subject: **Group Health Incorporated**Report Type: **Experience-Rated HMO**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Health Benefit Charges – Claim Payments: Coordination of Benefits with Medicare</u> – The Plan did not properly coordinate 3,009 claim line payments from 2000 through 2003 with Medicare as required by the FEHBP contract. As a result, we estimate that the FEHBP was overcharged by as much as \$1,367,001 for the period of October 2002 through December 2003 (Rec #1) and \$3,417,435 for the period of January 2000 through September 2002 (Rec #2).	We recommend that the contracting officer disallow \$1,367,001 for overcharges associated with uncoordinated claim lines incurred from October 2002 through December 2003, and have the Plan return all amounts recovered to the FEHBP. Also, if the Plan is unable to recover any amounts, the Plan should establish that the claims were paid in good faith and provide evidence of its diligent effort to recover these amounts.	- Agreed & Disallowed \$1,367,001. - Disagreed & Allowed \$0.	- \$988,775 has been recovered. - \$23,604 was appealed & sustained based on supporting documentation provided by the Plan. - \$354,622 remains a receivable. On August 10, 2007, the contracting officer issued Final Decision No. 181 requesting payment of all remaining receivable balances within 30 days. \$354,622 remains a receivable for this recommendation. Note: OPM's Office of General Counsel dismissed this final decision. Currently, there is no decision on how to resolve this audit finding. - Long Term	\$1,343,397 (Recovered + Receivable)	N/A
2	<u>Health Benefit Charges – Claim Payments: Coordination of Benefits with Medicare</u> – See Above.	We recommend that the contracting officer disallow \$3,417,435 for overcharges associated with uncoordinated claim lines incurred prior to October 2002, and have the Plan return all amounts recovered to the FEHBP. Also, if the Plan is unable to recover any amounts, the Plan should establish that the claims were paid in good faith and provide evidence of its diligent effort to recover these amounts.	- Agreed & Disallowed \$3,417,435. - Disagreed & Allowed \$0.	- \$0 has been recovered. - \$0 was appealed & sustained based on supporting documentation provided by the Plan. - \$3,417,435 remains a receivable. On August 10, 2007, the contracting officer issued Final Decision No. 181 requesting payment of all remaining receivable balances within 30 days. \$3,417,435 remains a receivable for this recommendation. Note: OPM's Office of General Counsel dismissed this final decision. Currently, there is no decision on how to resolve this audit finding. - Long Term	\$3,417,435	N/A

B.1.2

3	<u>Health Benefit Charges – Claim Payments: Coordination of Benefits with Medicare</u> – See Above.	We recommend that the contracting officer provide benefit clarification and instructions to the Plan for coordinating inpatient claims when patients have Medicare Part B only.	Agreed - Procedural Finding	Letters highlighting the contracting officer's resolution efforts do not document the resolution of this finding.  The OIG routinely follows-up on all audit findings during the next regularly scheduled audit of the Plan to ensure appropriate corrective action has been completed. Depending on the Plan, our audit cycle runs between 4 to 6 years. - Long Term	\$92,000 + annually for CY 2004 & future years if not fixed.	N/A
4	<u>Health Benefit Charges – Claim Payments: Coordination of Benefits with Medicare</u> – See Above.	We recommend that the contracting officer ensure that the Plan initiated corrective measures to minimize coordination of benefit issues in the future. The contracting officer should also ensure that the Plan utilizes the annual "Medicare Match" file to help minimize coordination of benefit issues in the future.	Agreed - Procedural Finding	Letters highlighting the contracting officer's resolution efforts do not document the resolution of this finding.  The OIG routinely follows-up on all audit findings during the next regularly scheduled audit of the Plan to ensure appropriate corrective action has been completed. Depending on the Plan, our audit cycle runs between 4 to 6 years. - Long Term	\$1,100,000 + annually for CY 2004 & future years if not fixed.	N/A
6	<u>Health Benefit Charges – Claim Payments: Duplicate Payments</u> – The Plan improperly charged the FEHBP \$457,579 for 555 duplicate claim payments from 2000 through 2003. These payments were unnecessary and unallowable charges to the FEHBP.  Note: The monetary portion (\$457,579 - Rec. 5) of this finding has been recovered.	We recommend that the contracting officer ensure that the Plan initiated corrective measures to prevent duplicate claim payments in the future.	Agreed - Procedural Finding	Letters highlighting the contracting officer's resolution efforts do not document the resolution of this finding.  The OIG routinely follows-up on all audit findings during the next regularly scheduled audit of the Plan to ensure appropriate corrective action has been completed. Depending on the Plan, our audit cycle runs between 4 to 6 years. - Long Term	\$110,000 + annually for CY 2004 & future years if not fixed.	N/A

**B.1.3**

11	<p><u>Health Benefit Charges:</u>  <u>Miscellaneous Payments &amp; Credits: Formulary Drug Rebates</u> – The Plan did not return \$1,519,511 in formulary drug rebates to the FEHBP letter of credit account. Also, the Plan returned 13 quarterly rebates, totaling \$5,093,549, untimely to the FEHBP during 2000 through 2003. As a result, the FEHBP is due \$372,953 for lost investment income on rebates that were returned untimely or not returned to the FEHBP.</p>	<p>We recommend that the contracting officer instruct the Plan to implement procedures to ensure that formulary drug rebates are promptly returned to the FEHBP.</p>	<p>Agreed - Procedural Finding</p>	<p>Letters highlighting the contracting officer's resolution efforts do not document the resolution of this finding.</p> <p>The OIG routinely follows-up on all audit findings during the next regularly scheduled audit of the Plan to ensure appropriate corrective action has been completed. Depending on the Plan, our audit cycle runs between 4 to 6 years.</p> <p>Note: The monetary portion (\$372,953 - Rec. 10) of this finding has been recovered.</p> <p>- Long term</p>	<p>\$380,000 annually for CY 2004 &amp; future years if not fixed.</p>	<p>N/A</p>
14	<p><u>Health Benefit Charges:</u>  <u>Miscellaneous Payments &amp; Credits: Uncashed Health Benefit Checks</u> – The Plan did not return uncashed checks of \$1,341,765 to the FEHBP letter of credit account. Also, the Plan returned uncashed checks of \$750,000 untimely to the FEHBP during 2002. As a result, the FEHBP is due \$1,487,003 consisting of \$1,341,765 for uncashed checks and \$145,238 for lost investment income on the uncashed checks that were returned untimely or not returned to the FEHBP.</p>	<p>We recommend that the contracting officer instruct the Plan to implement procedures to ensure that uncashed checks are promptly returned to the FEHBP.</p>	<p>Agreed - Procedural Finding</p>	<p>Letters highlighting the contracting officer's resolution efforts do not document the resolution of this finding.</p> <p>The OIG routinely follows-up on all audit findings during the next regularly scheduled audit of the Plan to ensure appropriate corrective action has been completed. Depending on the Plan, our audit cycle runs between 4 to 6 years.</p> <p>Note: The monetary portions (\$1,487,003 - Rec. 12 &amp; 13) of this finding have been recovered.</p> <p>- Long Term</p>	<p>\$371,000 + annually for CY 2004 &amp; future years if not fixed.</p>	<p>N/A</p>

Report #: **1B-45-09-08-016**Date Issued: **March 26, 2009**Subject: **Coventry Health Care as Underwriter and Administrator for the Mail Handlers Benefit Plan**Report Type: **Experience-Rated Employee Organization Plan**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Health Benefit Charges: Coordination of Benefits with Medicare</u> – The Plan did not properly coordinate 6,550 claim line payments with Medicare as required by the FEHBP contract. As a result, the FEHBP paid as the primary insurer for these claims when Medicare was the primary insurer. Therefore, we estimate that the FEHBP was overcharged by \$4,279,856 for these claim lines.	We recommend that the contracting officer disallow \$4,279,856 for uncoordinated claim payments, and verify that the Plan returns all amounts recovered to the FEHBP.	- Agreed & Disallowed \$4,279,856. - Disagreed & Allowed \$0.	- \$1,761,757 has been recovered. - \$0 was appealed & sustained based on supporting documentation provided by the Plan. - \$2,518,099 remains a receivable. The Carrier is continuing to pursue recovery of the unallowable amounts. The next progress report (along with supporting documentation) is due to the contracting officer for the period ending March 31, 2010.  - Long Term	\$4,279,856 Total Oct 2005 – Sept 2007 (Recovered + Receivable)	N/A
2	<u>Health Benefit Charges: Coordination of Benefits with Medicare</u> – The Plan did not properly coordinate 6,550 claim line payments with Medicare as required by the FEHBP contract. As a result, the FEHBP paid as the primary insurer for these claims when Medicare was the primary insurer.	We recommend that the contracting officer ensure that the Plan has procedures in place to review all claims incurred back to the Medicare effective dates when updated, other party liability information is added to the Plan's claims system. When Medicare eligibility is subsequently reported, the Plan is expected to immediately determine if already paid claims are affected and, if so, to initiate the recovery process within 30 days.	Agreed - Procedural Finding	Letters highlighting the contracting officer's resolution efforts do not document the resolution of this finding.  The OIG routinely follows-up on all audit findings during the next regularly scheduled audit of the Plan to ensure appropriate corrective action has been completed. Depending on the Plan, our audit cycle runs between 4 to 6 years.	\$2 M + annually for CY 2008 & future years if not fixed	N/A



3	<p><u>Health Benefit Charges: Coordination of Benefits with Medicare Review (Other Claim Payment Errors)</u> – 828 claim line payments were not coordination of benefit errors but contained other Plan payment errors, resulting in overcharges of \$112,546 to the FEHBP.</p>	<p>We recommend that the contracting officer disallow \$112,546 in claim overcharges resulting from other Plan payment errors, and verify that the Plan returns all amounts recovered to the FEHBP.</p>	<p>- Agreed &amp; Disallowed \$112,546. - Disagreed &amp; Allowed \$0.</p>	<p>- \$0 has been recovered. - \$0 was appealed &amp; sustained based on supporting documentation provided by the Plan. - \$112,546 remains a receivable. The Carrier is continuing to pursue recovery of the unallowable amounts. The next progress report (along with supporting documentation) is due to the contracting officer for the period ending March 31, 2010.</p> <p>- Long Term</p>	<p>\$112,546 Total Oct 2005 – Sept 2007 (Recovered + Receivable)</p>	N/A
4	<p><u>Health Benefit Charges: Claims Paid for Ineligible Patients</u> – The Plan paid 10,275 claim lines that were incurred during gaps in patient coverage or after termination of patient coverage with the Mail Handlers Benefit Plan, resulting in overcharges of \$2,411,097 to the FEHBP. In addition, the Plan paid 2,167 claim lines for patients with no enrollment identification (ID) numbers, resulting in overcharges of \$118,815 to the FEHBP. In total, the FEHBP is due \$2,529,912 for claim overcharges.</p>	<p>We recommend that the contracting officer disallow \$2,529,912 in claim overcharges, and verify that the Plan returns all amounts recovered to the FEHBP.</p>	<p>- Agreed &amp; Disallowed \$2,529,912. - Disagreed &amp; Allowed \$0.</p>	<p>- \$942,263 has been recovered. - \$0 was appealed &amp; sustained based on supporting documentation provided by the Plan. - \$1,587,649 remains a receivable. The Carrier is continuing to pursue recovery of the unallowable amounts. The next progress report (along with supporting documentation) is due to the contracting officer for the period ending March 31, 2010.</p> <p>- Long Term</p>	<p>\$2,529,912 Total Jan 2005 – Sept 2007 (Recovered + Receivable)</p>	N/A

5	<u>Health Benefit Charges: Claims Paid for Ineligible Patients</u> – The Plan paid 10,275 claim lines that were incurred during gaps in patient coverage or after termination of patient coverage with the Mail Handlers Benefit Plan. In addition, the Plan paid 2,167 claim lines for patients with no enrollment ID numbers.	We recommend that the contracting officer verify that the Plan implemented procedures to ensure that when a payroll office notice of an individual's termination of coverage is received, the Plan identifies all post-termination claims paid under that enrollment and immediately initiates overpayment recovery efforts.	Agreed - Procedural Finding	Letters highlighting the contracting officer's resolution efforts do not document the resolution of this finding.  The OIG routinely follows-up on all audit findings during the next regularly scheduled audit of the Plan to ensure appropriate corrective action has been completed. Depending on the Plan, our audit cycle runs between 4 to 6 years.	\$900,000 annually for CY 2008 & future years if not fixed	N/A
6	<u>Health Benefit Charges: OBRA 90 Claims</u> – The Plan incorrectly paid 13 claims that were priced or potentially should have been priced under the Omnibus Budget Reconciliation Act of 1990 (OBRA 90) pricing guidelines, resulting in net overcharges of \$443,265 to the FEHBP. Specifically, the Plan overpaid 11 claims by \$446,625 and underpaid 2 claims by \$3,360. <u>Note:</u> The underpayments were included in a different recommendation.	We recommend that the contracting officer disallow \$446,625 in claim overcharges, and verify that the Plan returns all amounts recovered to the FEHBP.	- Agreed & Disallowed \$446,625. - Disagreed & Allowed \$0.	- \$81,406 has been recovered. - \$0 was appealed & sustained based on supporting documentation provided by the Plan. - \$365,219 remains a receivable.  The Carrier is continuing to pursue recovery of the unallowable amounts. The next progress report (along with supporting documentation) is due to the contracting officer for the period ending March 31, 2010.  - Long Term	\$446,625  Total Jan 2005 – Sept 2007 (Recovered + Receivable)	N/A
8	<u>Health Benefit Charges: Duplicate Claim Payments</u> – The Plan improperly charged the FEHBP \$335,561 for 527 duplicate claim payments from 2005 through September 30, 2007. These payments were unnecessary and unallowable charges to the FEHBP.	We recommend that the contracting officer disallow \$335,561 for duplicate claim payments charged to the FEHBP, and verify that the Plan returns all amounts recovered to the FEHBP.	- Agreed & Disallowed \$335,561. - Disagreed & Allowed \$0.	- \$158,609 has been recovered. - \$0 was appealed & sustained based on supporting documentation provided by the Plan. - \$176,952 remains a receivable.  The Carrier is continuing to pursue recovery of the unallowable amounts. The next progress report (along with supporting documentation) is due to the contracting officer for the period ending March 31, 2010.  - Long Term	\$335,561  Total Jan 2005 – Sept 2007 (Recovered + Receivable)	N/A

9	<u>Health Benefit Charges: Duplicate Claim Payments</u> – The Plan improperly charged the FEHBP for 527 duplicate claim payments from 2005 through September 30, 2007.	We recommend that the contracting officer instruct the Plan to identify the root cause(s) of the claim payment errors and develop an action plan to prevent these types of errors in the future.	Agreed - Procedural Finding	Letters highlighting the contracting officer's resolution efforts do not document the resolution of this finding.  The OIG routinely follows-up on all audit findings during the next regularly scheduled audit of the Plan to ensure appropriate corrective action has been completed. Depending on the Plan, our audit cycle runs between 4 to 6 years.	\$90,000 annually for CY 2008 & future years if not fixed	N/A
10	<u>Health Benefit Charges: Claim Payment Errors</u> – The Plan incorrectly paid 36 claims, resulting in overcharges of \$98,608 to the FEHBP.	We recommend that the contracting officer disallow \$98,608 in claim overcharges, and verify that the Plan returns all amounts recovered to the FEHBP.	- Agreed & Disallowed \$98,608. - Disagreed & Allowed \$0.	- \$55,766 has been recovered. - \$0 was appealed & sustained based on supporting documentation provided by the Plan. - \$42,842 remains a receivable. The carrier is continuing to pursue recovery of the unallowable amounts. The next progress report (along with supporting documentation) is due to the contracting officer by April 30, 2009. - Long Term	\$98,608 Total Jan 2005 – Sept 2007 (Recovered + Receivable)	N/A
12	<u>Health Benefit Charges: Health Benefit Recovery</u> – The Plan did not return one health benefit recovery to the FEHBP. As a result, the FEHBP is due \$13,577, consisting of \$12,607 (Rec #11) for the recovery not returned and \$970 (Rec #12) for lost investment income (LII) on this recovery.	We recommend that the contracting officer direct the Plan to credit the FEHBP \$970 for LII on the questioned health benefit recovery.	- Agreed & Disallowed \$970. - Disagreed & Allowed \$0.	- \$0 has been recovered. - \$0 was appealed & sustained based on supporting documentation provided by the Plan. - \$970 remains a receivable. Letters highlighting the contracting officer's resolution efforts do not document the resolution of this LII finding. <u>Note:</u> The contracting officer has recovered \$12,607 for recommendation #11.  - Short Term	\$970 Total 2006 (Recovered + Receivable)	N/A

15	<p><u>Cash Management: Working Capital Deposit</u> – At the end of the audit scope, the Plan held a working capital (WC) deposit with an excess amount of \$4,000,000 over the amount needed to meet the Plan's daily cash needs for FEHBP claim payments and administrative expenses. In response to our initial audit inquiry, the Plan provided a more recent WC calculation of claims clearing and administrative expenses showing that the Plan held an excess amount of \$6,000,000 in FEHBP funds as of August 31, 2008 (Rec # 14). We reviewed and agreed with the Plan's WC calculation.</p>	<p>We recommend that the contracting officer verify that the Plan has proper procedures in place to evaluate and adjust the WC deposit on an annual basis, or more frequently should a material change occur in the amount needed to meet the Plan's daily cash requirements.</p>	<p>Agreed - Procedural Finding</p>	<p>Letters highlighting the contracting officer's resolution efforts do not document the resolution of this finding.</p> <p>The OIG routinely follows-up on all audit findings during the next regularly scheduled audit of the Plan to ensure appropriate corrective action has been completed. Depending on the Plan, our audit cycle runs between 4 to 6 years.</p> <p><u>Note:</u> The contracting officer has recovered \$6,000,000 for recommendation #14.</p>	<p>\$1 M annually for CY 2009 &amp; future years if not fixed</p>	<p>N/A</p>
----	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------	------------

Enclosure 2  
Section C

U.S. Office of Personnel Management  
Office of the Inspector General  
Congressional Request  
Reports with Unimplemented Audit Recommendations

---

Section C

FEHBP Contractor

Community-Rated HMOs

Report #: <b>1C-3U-00-05-085</b>		Date Issued: <b>January 18, 2008</b>				
Subject: <b>United HealthCare of Ohio</b>		Report Type: <b>FEHBP – Community-Rated HMO</b>				
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Defective Pricing</u> - The Certificates of Accurate Pricing the Plan signed in 2001 and 2002 were defective. In accordance with federal regulations, the FEHBP is therefore due a price adjustment for each year. We applied the defective pricing remedies for the years in question and determined that the FEHBP is entitled to premium adjustments totaling \$2,269,905. We determined that defective pricing existed because we identified rate development errors and because the Plan failed to apply the largest SSSG discount to the FEHBP rates.	We recommend that the contracting officer require the Plan to return \$2,269,905 to the FEHBP for defective pricing in contract years 2001 and 2002.	- Agreed & Disallowed \$2,269,905.  - Disagreed & Allowed \$0.	- \$0 has been recovered. - \$0 was appealed & sustained - \$2,269,905 remains a receivable.  The Plan agrees that it overcharged the FEHBP \$2,269,905 for contract years 2001 and 2002. However, the Plan contends that it is due \$2,203,024 for undercharges in 2004. Based on a review of additional documentation provided by the Plan, OPM determined that the Plan may potentially be due \$1,416,046 for 2004. On January 12, 2009, OPM proposed a settlement that allowed the Plan to return the net amount of \$853,859 (\$2,269,905 - \$1,416,046) to the FEHBP.  Per a phone conversation with Audit Resolution on May 1, 2009, the Plan rejected the settlement offer and sent another letter to audit resolution reiterating its position. Based on an additional review of the Plan's position, OPM determined that the Plan is due \$2,128,987 for 2004. On January 11, 2010, OPM proposed that the Plan return the net amount of <b>\$140,918</b> (\$2,269,905 – \$2,128,987) to the FEHBP. We concurred with OPM's determination.  <u>Est. Time Frame For Implementation:</u> Short-Term	\$140,918  Total for CY 2001 & 2002	N/A

2	<p><u>Lost Investment Income</u> - In accordance with FEHBP regulations and the contract between OPM and the Plan, the FEHBP is entitled to recover lost investment income on the defective pricing findings for contract years 2001 and 2002. We determined that the FEHBP is due \$579,261 for lost investment income.</p>	<p>We recommend that the contracting officer require the Plan to return \$579,261 to the FEHBP for lost investment income for the period beginning January 1, 2001 through November 30, 2007. In addition, we recommend that the contracting officer recover lost investment income on amounts due for the period beginning December 1, 2007, until all defective pricing amounts have been returned to the FEHBP.</p>	<p>- Agreed &amp; Disallowed \$579,261. - Disagreed &amp; Allowed \$0.</p>	<p>- \$0 has been recovered. - \$0 was appealed &amp; sustained - \$628,123 remains a receivable</p> <p>Lost investment income will continue to accrue and the final amount due the FEHBP will be determined based on the final defective pricing overcharges.</p> <p>As of the January 11, 2010, proposed settlement, lost investment income was calculated at <b><u>\$761,326</u></b>.</p> <p>Based on an April 7, 2010, e-mail from Audit Resolution, the Plan is contesting the lost investment income calculation. However, a letter requesting the return of the full lost investment income amount is currently under review.</p> <p><b><u>Est. Time Frame For Implementation:</u></b> Short-Term</p>	<p>\$761,326 Total 1/1/01 – 1/11/10</p>	N/A
---	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------	-----

Report #: <b>1C-G2-00-07-044</b>			Date Issued: <b>June 12, 2008</b>			
Subject: <b>Audit of Arnett HMO Health Plan</b>			Report Type: <b>FEHBP – Community-Rated HMO</b>			
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Defective Pricing</u> - The Certificates of Accurate Pricing the Plan signed for contract years 2002 through 2005 were defective. We applied the defective pricing remedies for the years in question and determined that the FEHBP is entitled to premium adjustments totaling \$571,224. We determined that defective pricing existed because we identified rate development errors; discounts afforded to similar sized subscriber groups but not to the FEHBP; and the Plan used inconsistent rating methodologies to develop the FEHBP and SSSG rates.	We recommend that the contracting officer require the Plan to return \$571,224 to the FEHBP for defective pricing in contract years 2002 through 2005.	<ul style="list-style-type: none"> <li>- Agreed &amp; Disallowed \$571,224.</li> <li>- Disagreed &amp; Allowed \$0.</li> </ul>	<ul style="list-style-type: none"> <li>- \$0 has been recovered.</li> <li>- \$0 was appealed &amp; sustained based on supporting documentation provided by the Plan.</li> <li>- \$571,224 remains a receivable.</li> </ul> <p>Based on a review of additional information provided by the Plan, OPM determined that the Plan owes <b>\$520,011</b>. In a letter dated January 12, 2010, OPM presented its position to the Plan, identified the amounts still in question, and requested a response.</p> <p>Based on an April 7, 2010, e-mail, Audit Resolution is waiting on a response from the Plan.</p> <p><b><u>Est. Time Frame For Implementation:</u></b> Long-Term</p>	\$520,011 Total CY 2002 through 2005	N/A



2	<p><u>Lost Investment Income</u> – In accordance with the FEHBP regulations and the contract between OPM and the Plan, the FEHBP is entitled to recover lost investment income on the defective pricing findings identified in contract years 2002 through 2005. We determined that the FEHBP is due \$100,576.</p>	<p>We recommend that the contracting officer require the Plan to return \$100,576 to the FEHBP for lost investment income for the period beginning January 1, 2002 through December 31, 2007. In addition, we recommend that the contracting officer recover lost investment income on amounts due for the period beginning January 1, 2008, until all defective pricing amounts have been returned to the FEHBP.</p>	<p>- Agreed &amp; Disallowed \$100,576. - Disagreed &amp; Allowed \$0.</p>	<p>- \$0 has been recovered. - \$0 was appealed &amp; sustained based on supporting documentation provided by the Plan. - <b><u>\$106,839</u></b> remains a receivable. Lost investment income continues to accrue until all defective pricing amounts have been returned to the FEHBP (see Recommendation #1 which is still unresolved). Based on the January 14, 2010, letter from OPM, the Plan was informed that lost investment income will continue to accrue but an updated amount was not calculated.  Based on an April 7, 2010, e-mail, Audit Resolution is waiting on a response from the Plan.  <b><u>Est. Time Frame For Implementation:</u></b> <b>Long-Term</b></p>	<p>\$106,839 Total 1/1/2002 – 04/21/09</p>	<p>N/A</p>
---	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------	------------

Report #: <b><u>1C-SV-00-07-056</u></b>		Date Issued: <b><u>June 25, 2008</u></b>				
Subject: <b><u>Audit of Coventry Health Care of Iowa</u></b>		Report Type: <b><u>FEHBP – Community-Rated HMO</u></b>				
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Defective Pricing</u> – The Certificates of Accurate Pricing the Plan signed in contract years 2006 and 2007 were defective. We applied the defective pricing remedies for the years in question and determined that the FEHBP is entitled to premium adjustments totaling \$3,226,215. We determined that defective pricing existed because we identified rate development errors and because the Plan used inconsistent rating methodologies to develop the FEHBP and SSSG rates.	We recommend that the contracting office require the Plan to return \$3,226,215 to the FEHBP for defective pricing in 2006 and 2007.	<ul style="list-style-type: none"> <li>- Agreed &amp; Disallowed \$3,226,215 in charges to the FEHBP.</li> <li>- Disagreed &amp; Allowed \$0.</li> </ul>	<ul style="list-style-type: none"> <li>- \$76,010 has been recovered.</li> <li>- \$0 was appealed &amp; sustained based on supporting documentation provided by the Plan.</li> <li>- \$3,150,205 remains a receivable.</li> </ul> <p>The Plan returned \$84,063 representing a partial settlement for 2006; \$76,010 was associated for defective pricing in 2006. Based on a review of additional documentation provided by the Plan, OPM prepared a resolution letter requesting the Plan to return \$1,394,552. However, after the OIG reviewed the calculations, it was determined that the amount due should be <b><u>\$2,569,328</u></b>. OPM is reviewing the revised calculations and preparing a revised resolution letter.</p> <p><b><u>Est. Time Frame For Implementation:</u></b> <b>Short-Term</b></p>	\$2,645,338  Total CY 2006 & 2007	N/A

2	<p><u>Lost Investment Income</u> - In accordance with FEHBP regulations and the contract between OPM and the Plan, the FEHBP is entitled to recover lost investment income on the defective pricing findings in contract years 2006 and 2007. We determined that the FEHBP is due \$92,879.</p>	<p>We recommend that the contracting officer require the Plan to return \$92,879 to the FEHBP for lost investment income for the period beginning January 1, 2006 through December 31, 2007. In addition, we recommend that the contracting officer recover lost investment income on amounts due for the period beginning January 1, 2008, until all defective pricing amounts have been returned to the FEHBP.</p>	<p>- Agreed and Disallowed \$92,879. - Disagreed &amp; Allowed \$0.</p>	<p>- \$8,053 has been recovered. - \$0 was appealed &amp; sustained based on supporting documentation provided by the Plan. - <b><u>\$90,111</u></b> remains a receivable. The Plan returned 84,063 representing a partial settlement for 2006; \$8,053 was associated lost investment income. Lost investment income continues to accrue until all defective pricing amounts have been returned to the FEHBP (see Recommendation #1 which is still unresolved). Lost investment income will be adjusted to reflect the revised amount due the FEHBP.</p> <p><b><u>Est. Time Frame For Implementation:</u></b> <b>Short-Term</b></p>	<p>\$98,164 Total 01/01/06 – 12/31/07</p>	N/A
---	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------	-----

Report #: <b>1C-8W-00-07-028</b>		Date Issued: <b>July 25, 2008</b>				
Subject: <b>Audit of UPMC Health Plan</b>		Report Type: <b>FEHBP – Community-Rated HMO</b>				
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Defective Pricing</u> – The Certificates of Accurate Pricing the Plan signed in 2005 and 2006 were defective. We applied the defective pricing remedies for the years in question and determined that the FEHBP is entitled to premium adjustments totaling \$4,796,593. In 2005, we determined that defective pricing existed because we identified rate development errors and a discount afforded to a similar sized subscriber group but not to the FEHBP. In addition, for 2006, a resolution was never achieved between the Office of Personnel Management (OPM) and the Plan for a prior Rate Reconciliation Audit completed in 2005.	We recommend that the contracting office require the Plan to return \$4,796,593 to the FEHBP for defective pricing in 2005 and 2006.	Agreed & Disallowed \$4,796,593 in charges to the FEHBP.  - Disagreed & Allowed \$0.	- \$0 has been recovered.  - \$0 was appealed & sustained based on supporting documentation provided by the Plan.  - \$4,796,593 remains a receivable.  OPM is still in the process of reviewing information pertaining to the final audit report. Until the completion of the review, the questioned amount of \$4,796,593 will remain an unallowable charge to the FEHBP.  Audit Resolution and the OIG met on April 23, 2009, to discuss the proposed settlement. Based on the discussion, Audit Resolution will re-look at some information and potentially revise its position.  Representatives from Audit Resolution and the Office of Actuaries, the Contracting Officer, and the OIG met on March 23, 2010, to discuss the proposed settlement. OPM has prepared a letter requesting the Plan to return \$889,338. However, based on our final analysis, we believe that the FEHBP is due \$2,155,893 for 2005 and \$1,803,430 for 2006 – a total of <b><u>\$3,959,323</u></b> .  <u>Est. Time Frame For Implementation:</u> <b>Short-Term</b>	\$3,959,323  Total for CY 2005 & 2006	N/A

2	<p><u>Lost Investment Income</u> – In accordance with FEHBP regulations and the contract between OPM and the Plan, the FEHBP is entitled to recover lost investment income on the defective pricing findings for contract years 2005 and 2006. We determined that the FEHBP is due \$617,018.</p>	<p>We recommend that the Plan return \$617,018 to the FEHBP for lost investment income for the period beginning January 1, 2005 through April 30, 2008. In addition, we recommend that the contracting officer recover lost investment income on amounts due for the period beginning May 1, 2008, until all defective pricing amounts have been returned to the FEHBP.</p>	<p>Agreed &amp; Disallowed \$617,018. - Disagreed &amp; Allowed \$0.</p>	<p>- \$0 has been recovered. - \$0 was appealed &amp; sustained based on supporting documentation provided by the Plan. - \$617,018 remains a receivable.</p> <p>Lost Investment Income continues to accrue until all defective pricing amounts have been returned to the FEHBP (see Recommendation #1 which is still unresolved).</p> <p>Audit Resolution and the OIG met on April 23, 2009, to discuss the proposed settlement. Based on the discussion, Audit Resolution will re-look at some information and potentially revise its position.</p> <p>Representatives from Audit Resolution and the Office of Actuaries, the Contracting Officer, and the OIG met on March 23, 2010, to discuss the proposed settlement. OPM has prepared a letter requesting the Plan to return <u>\$215,421</u>.</p> <p><u>Est. Time Frame For Implementation:</u> Short-Term</p>	<p>\$215,421 Total 01/01/05 – 2/28/10</p>	N/A
---	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------	-----

Report #: <u>1C-6Q-00-07-029</u>		Date Issued: <u>September 15, 2008</u>				
Subject: <u>Audit of Universal Care of California</u>		Report Type: <u>FEHBP – Community-Rated HMO</u>				
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Defective Pricing</u> – The Certificates of Accurate Pricing the Plan signed for CY 2003 through 2006 were defective. Application of an appropriate defective pricing remedy for each year in question reveals that the FEHBP is due \$1,861,551. We determined that defective pricing existed because we identified rate development errors and because the Plan did not provide adequate documentation to support the rate developments for the FEHBP.	We recommend that the contracting officer require the Plan to return \$1,861,551 to the FEHBP for defective pricing in contract years 2003 through 2006.	- Agreed & Disallowed \$1,861,551 in charges to the FEHBP.  - Disagreed & Allowed \$0.  - \$1,861,551 remains a receivable.	- \$0 has been recovered.  - \$0 was appealed & sustained based on supporting documentation provided by the Plan.  - \$1,861,551 remains a receivable.  OPM sent a letter to the Plan on March 19, 2009, stating that due to the complexity of the issues being resolved, it will need additional time to review the documentation received from the Plan and other OPM staff involved in the resolution process.  On November 18, 2009, OPM sent a letter to the Plan requesting the return of <u>\$1,845,856</u> , consisting of \$1,854,396 for overcharges in 2003 through 2006 and \$8,540 in undercharges in 2002.  Based on an April 7, 2010, e-mail, Audit Resolution received an unacceptable offer from the Plan to settle the audit findings. OPM is currently preparing a letter to the Plan that will reject the offer.  <u>Est. Time Frame For Implementation:</u> Long-Term	\$1,845,856  Total CY 2002 through 2006	N/A

2	<p><u>Lost Investment Income</u> – In accordance with FEHBP regulations and the contract between OPM and the Plan, the FEHBP is entitled to recover lost investment income on the defective pricing findings for contract years 2003 through 2006. We determined that the FEHBP is due \$341,079 for lost investment income.</p>	<p>We recommend that the contracting officer require the Plan to return \$341,079 to the FEHBP for lost investment income for the period January 1, 2003 through August 31, 2008. In addition, we recommend that the contracting officer recover lost investment income on amounts due for the period beginning September 1, 2008 until all defective pricing amounts have been returned to the FEHBP.</p>	<p>- Agreed and Disallowed \$341,079. - Disagreed &amp; Allowed \$0.</p>	<p>- \$0 has been recovered. - \$0 was appealed &amp; sustained based on supporting documentation provided by the Plan. - \$341,079 remains a receivable.</p> <p>Lost Investment Income continues to accrue until all defective pricing amounts have been returned to the FEHBP (see Recommendation #1 which is still unresolved).</p> <p>On November 18, 2009, OPM sent a letter to the Plan requesting the return of <b><u>\$421,988</u></b> for lost investment income, calculated through June 30, 2009.</p> <p>Based on an April 7, 2010, e-mail, Audit Resolution received an unacceptable offer from the Plan to settle the audit findings. OPM is currently preparing a letter to the Plan that will reject the offer.</p> <p><b><u>Est. Time Frame For Implementation:</u></b> <b>Long-Term</b></p>	<p>\$421,988 Total 01/01/03 – 6/30/09</p>	N/A
---	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------	-----

Report #: <u>1C-NM-00-08-049</u>			Date Issued: <u>February 5, 2009</u>			
Subject: <u>Audit of Health Plan Nevada</u>			Report Type: <u>FEHBP – Community-Rated HMO</u>			
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Defective Pricing</u> – The Certificates of Accurate Pricing the Plan signed in contract years 2004, 2007 and 2008 were defective. We applied the defective pricing remedies for the years in question and determined that the FEHBP is entitled to premium adjustments totaling \$2,064,680. We determined that defective pricing existed because discounts were afforded to the similarly sized subscriber groups but not to the FEHBP.	We recommend that the contracting office require the Plan to return \$2,064,680 to the FEHBP for defective pricing in 2004, 2007 and 2008.	- Agreed & Disallowed \$2,064,680 in charges to the FEHBP.  - Disagreed & Allowed \$0.	- \$52,414 has been recovered.  - \$0 was appealed & sustained based on supporting documentation provided by the Plan.  - \$2,012,266 remains a receivable.  The Plan returned \$64,869 representing a full settlement for 2004; \$52,414 was associated for defective pricing in 2004.  Based on a review of additional documentation provided by the Plan, OPM prepared a resolution letter stated that the questioned costs from 2007 and 2008 were allowable charges.  Representatives from Audit Resolution and the Office of Actuaries, the Contracting Officer, and the OIG met on March 10, 2010 and March 23, 2010, to discuss the proposed settlement. The OIG agrees that the questioned costs from 2008 should be allowable charges; however, the OIG disagrees with allowing the 2007 questioned costs(\$1,568,151). On March 31, 2010, the OIG presented its position on the 2007 questioned costs (totaling <b>\$444,115</b> ) in writing and OPM is currently reviewing the information and will make a final decision shortly.  <u>Est. Time Frame For Implementation:</u>  Short-Term	\$496,529  Total CY 2004 & 2007	N/A



2	<p><u>Lost Investment Income</u> - In accordance with FEHBP regulations and the contract between OPM and the Plan, the FEHBP is entitled to recover lost investment income on the defective pricing findings in contract years 2004, 2007 and 2008. We determined that the FEHBP is due \$94,261.</p>	<p>We recommend that the contracting officer require the Plan to return \$94,261 to the FEHBP for lost investment income for the period beginning January 1, 2004 through January 31, 2009. In addition, we recommend that the contracting officer recover lost investment income on amounts due for the period beginning February 1, 2009, until all defective pricing amounts have been returned to the FEHBP.</p>	<p>- Agreed and Disallowed \$94,261. - Disagreed &amp; Allowed \$0.</p>	<p>- \$12,455 has been recovered. - \$0 was appealed &amp; sustained based on supporting documentation provided by the Plan. - <b>Lost investment income will be adjusted to reflect the revised amount due the FEHBP.</b> The Plan returned 64,869 representing a full settlement for 2004; \$12,455 was associated with lost investment income. Lost investment income continues to accrue until all defective pricing amounts have been returned to the FEHBP (see Recommendation #1 which is still unresolved).  <b><u>Est. Time Frame For Implementation:</u></b> Short-Term</p>	<p>\$12,455 Total 01/01/04 – 1/31/09  Plus LII for the 2007 finding</p>	N/A
---	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------	-----

Enclosure 2  
Section D

U.S. Office of Personnel Management  
Office of the Inspector General  
Congressional Request  
Reports with Unimplemented Audit Recommendations

---

Section D

Information Technology  
Security Audits

Report #: **4A-IS-00-05-026**Date Issued: **June 16, 2005**Subject: **Audit of IT Security Controls of the Electronic  
Questionnaire for Investigative Processing (e-QIP)**Report Type: **Federal Information Security Management Act Audit -  
OPM Computer System**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
18	<u>Authorization Forms</u> – Authorization forms for e-QIP users, including administrators, operators, and developers, have not been developed and maintained.	We recommend that FISD verify that only authorized users have access to e-QIP and document and maintain on file authorizations for users, including administrators, operators; and developers.	Agreed	<p>In FY 2005, FISD stated that it would “verify that only authorized users have access to e-QIP and will maintain a file of these users.” FISD documented the recommendation as “complete” on the system’s POA&amp;M.</p> <p>In FY 2006, FISD indicated that it maintains agency activation forms for e-QIP administrators at various Federal agencies to document system authorization. However, FISD indicated that each agency would be responsible for documenting and maintaining the authorization of their respective e-QIP users. We were unable to verify if authorization forms are maintained by FISD for designated e-QIP administrators, as well as OPM users. Consequently, the recommendation remained outstanding. FISD did not respond to the FY 2006 follow-up audit.</p> <p>By September 2007, FISD had not yet implemented this recommendation. Although the recommendation had been added to the e-QIP POA&amp;M as an action item, the target completion date of June 30, 2006 had passed and the status was listed as “Pending.”</p> <p>As of August 2008, the recommendation remained on the e-QIP POA&amp;M with a status of “on-going” and an expected completion date of December 31, 2008 (per the OIG’s FY 2008 FISMA Follow-up Audit dated September 16, 2008).</p> <p>As of November 2009, the recommendation remained open. FISD is in the process of updating OPM account access request form 1665 to address this recommendation. (per OIG FY 2009 FISMA audit report).</p> <p><b>Estimated completion date: long-term</b></p>	None	Improved controls to prevent unauthorized access to the system.

Report #: **4A-CI-00-06-016**Date Issued: **September 22, 2006**Subject: **Federal Information Security  
Management Act Audit FY 2006**Report Type: **Federal Information Security Management Act Audit**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
6	IT Security Policies and Procedures – The Center for Information Services & Chief Information Officer (CIS/CIO) follows the issuance of new IT security guidance closely and provides applicable guidance to agency DSOs in a timely manner. However, the CIS/CIO has still not implemented a formal documented process to update OPM's IT security policies and procedures promptly to reflect new guidance.	We recommend that the CIS/CIO develop and document a formal process to promptly analyze new and existing guidance and update OPM's IT security policies and procedure accordingly.	Agreed	<p>Although some progress has been made, CIS/CIO has still not fully updated IT security policies or developed and implemented a process to keep them current.</p> <p>This issue was identified as a material weakness in the FY 2007 FISMA audit report.</p> <p>In FY 2008, the majority of OPM IT security policies have still not been updated, and the OIG continues to believe that this condition represents a material weakness in OPM's IT security program (per FY 2008 FISMA audit report, dated September 23, 2008).</p> <p>In FY 2009, OPM made limited progress on updating its IT security policies and procedures; however, more work remains. The IT Security and Privacy Policy was updated, but it was copied directly from NIST SP 800-53 and not tailored to OPM's environment. In addition, many other supporting policies are missing. This continues to be a material weakness.</p> <p><b>Estimated completion date: long-term</b></p>	None	Improved controls for promoting an environment conducive to good IT security at OPM.

Report #: **4A-CI-00-07-015**Date Issued: **January 25, 2007**Subject: **Audit of the Privacy Program at OPM**Report Type: **Internal Management Audit**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	Privacy Policy - OPM has not developed a comprehensive privacy policy	We recommend that OPM develop a comprehensive privacy policy (or a series of policies), that addresses the required areas.	Agreed	<p>OPM developed an IT Security Policy that included elements of a privacy policy; however, the policy was never officially implemented. A new policy is supposedly under development and will be reviewed during our FY 2009 FISMA audit.</p> <p>In FY 2009, OPM made limited progress on updating its IT security policies and procedures; however, the Privacy Policy is still inadequate. Most of the IT Security and Privacy Policy was copied directly from NIST 800-53 and not specifically tailored to OPM's environment.</p> <p><b>Estimated completion date: long-term</b></p>	None	Improved controls for preventing the loss of Personally Identifiable Information (PII).
3	<u>Encryption of Data on Laptop Computers and Mobile Devices</u> OPM activated the password feature on BlackBerry mobile devices in October 2006, and has developed a plan to activate the encryption capabilities on all Blackberrys in January 2007. OPM has also purchased a vendor product that will allow automatic full disk encryption on laptop computers, and plans to implement the product in 2007.	We recommend that OPM continue its efforts to implement encryption capabilities on laptop computers and Blackberry mobile devices.	Agreed	<p>OPM has encrypted OPM BlackBerry PDAs, but has not fully implemented laptop encryption. Also, OPM is using partial software encryption rather than full disk hardware encryption.</p> <p>We found no update on the status of this recommendation during the FY 2009 FISMA audit.</p> <p><b>Estimated completion date: long-term</b></p>	None	Improved controls for preventing the loss of Personally Identifiable Information (PII).

D.3.2

4	<p><u>Two-factor Authentication for Remote Access to Sensitive Data</u> - OPM employees can utilize laptop computers and other mobile devices to remotely connect to Agency systems containing sensitive data. Therefore, M-06-16 requires that access to these devices be controlled by two-factor authentication. OPM has purchased a vendor product that will require users to enter a personal password along with a password from a physical “token” to gain access to systems. The Agency plans to roll out this solution in 2007.</p>	<p>We recommend that OPM continue its efforts to implement two-factor authentication on mobile devices.</p>	<p>Agreed</p>	<p>Although OPM has made significant progress in implementing two-factor authentication, it has not fully implemented the recommendation.</p> <p>During the FY 2009 FISMA audit we determined that the Agency had regressed in the implementation of this recommendation. Two-factor authentication for remote access had been in limited use, but the program was cancelled and is no longer in place</p> <p><b>Estimated completion date: short-term</b></p>	<p>None</p>	<p>Improved controls for preventing the loss of Personally Identifiable Information (PII).</p>
7	<p><u>Monitoring Agency Websites for Private Data</u> - OPM should conduct “a detailed analysis of agency intranet, network &amp; websites for privacy vulnerabilities, including (i) noncompliance with stated practices, procedures &amp; policies; and (ii) risks for inadvertent release of information in an identifiable form from the website of the agency.” Although a contractor reviewed OPM’s public websites for sensitive data as part of its annual Financial Statement Audit in 2006, the Agency does not conduct periodic monitoring.</p>	<p>We recommend that OPM develop policies and procedures for periodically monitoring the Agency intranet, network, and websites for inadvertent privacy vulnerabilities.</p>	<p>Agreed</p>	<p>OPM has not provided a status report on this finding. Based on our FY 2009 FISMA audit, this recommendation is still outstanding.</p> <p><b>Estimated completion date: long-term</b></p>	<p>None</p>	<p>Improved controls for preventing the loss of Personally Identifiable Information (PII).</p>

Report #: **4A-CI-00-07-007**Date Issued: **September 18, 2007**Subject: **Federal Information Security  
Management Act Audit FY 2007**Report Type: **Federal Information Security Management Act Audit**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
3	<u>Privacy Program – Implementation of OMB M-06-15: Administrative Controls</u> – OMB M-06-15 requires that each agency's Senior Official for Privacy conduct a review of its policies and processes, and take corrective action as appropriate. OPM does not currently have an Agency-wide "privacy policy" in place to fully address the protection of PII on Agency systems	We recommend that OPM's Plans and Policy Group continue its efforts to develop an Agency-wide privacy policy.	Agreed	<p>OPM developed an IT Security Policy that included elements of a privacy policy; however, the policy was never officially implemented. A new policy is supposedly under development and will be reviewed during our FY 2009 FISMA audit.</p> <p>In FY 2009, OPM made limited progress on updating its IT security policies and procedures; however, more work remains. The IT Security and Privacy Policy was updated, but it was copied directly from NIST SP 800-53 and not tailored to OPM's environment. In addition, many other supporting policies are missing.</p> <p><b>Estimated completion date: long-term</b></p>	None	Improved controls for preventing the loss of Personally Identifiable Information (PII).
4	<u>Privacy Program – Implementation of OMB M-06-15: Technical Controls</u> – OPM is in the process of testing and implementing technical controls for automatically encrypting PII on mobile workstations and requiring two-factor authentication on OPM systems.	We recommend that OPM continue its efforts to protect sensitive data by implementing technical controls in compliance with OMB Memorandum M-06-16	Agreed	<p>OPM has encrypted OPM BlackBerry PDAs, but has not fully implemented laptop encryption. Also, OPM is using partial software encryption rather than full disk hardware encryption. Based on our FY 2009 FISMA audit, this recommendation is still outstanding.</p> <p>Although OPM has made significant progress in implementing two-factor authentication, it has not fully implemented the recommendation.</p> <p>During the FY 2009 FISMA audit we determined that the Agency had regressed in the implementation of this recommendation. Two-factor authentication for remote access had been in limited use, but the program was cancelled and is no longer in place</p> <p><b>Estimated completion date: long-term</b></p>	None	Improved controls for preventing the loss of Personally Identifiable Information (PII).

**D.4.2**

9	<p><u>Security Policies and Procedures Review and Update</u></p> <p>The CIS/CIO follows the issuance of new IT security guidance closely and provides applicable guidance to agency Designated Security Officers in a timely manner. However, this information has not been incorporated into the Agency's IT security policies.</p>	<p>We recommend that the CIS/CIO promptly update OPM's IT security policies.</p>	<p>Agreed</p>	<p>Although some progress has been made, CIS/CIO has still not fully updated IT security policies or developed and implemented a process to keep them current.</p> <p>This issue was identified as a material weakness in the FY 2007 FISMA audit report.</p> <p>In FY 2008, the majority of OPM IT security policies have still not been updated, and the OIG continues to believe that this condition represents a material weakness in OPM's IT security program (per FY 2008 FISMA audit report, dated September 23, 2008).</p> <p>In FY 2009, OPM made limited progress on updating its IT security policies and procedures; however, more work remains. The IT Security and Privacy Policy was updated, but it was copied directly from NIST SP 800-53 and not tailored to OPM's environment. In addition, many other supporting policies are missing. This issue remains a material weakness.</p> <p><b>Estimated completion date: long-term</b></p>	<p>None</p>	<p>Improved controls for promoting an environment conducive to good IT security at OPM.</p>
---	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------	---------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------	---------------------------------------------------------------------------------------------



Report #: **4A-CI-00-08-022**Date Issued: **September 23, 2008**Subject: **Federal Information Security  
Management Act Audit FY 2008**Report Type: **Federal Information Security Management Act Audit**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Security Controls Testing</u> - The Center for Information Services and Chief Information Officer (CIS/CIO) has implemented procedures for conducting an annual review of the security controls for each of the agency's systems. These controls are tested through either an annual self-assessment or through a security test and evaluation conducted by an independent source as part of the certification and accreditation (C&A) process. The OIG determined that as of August 2008 the security controls had been tested for only 37 of OPM's 40 systems during the past year.	We recommend that OPM ensure that an annual test of security controls has been completed for all systems.	Agreed	<p>CIS/CIO agreed with the recommendation and provided evidence that security controls had been tested for the remaining systems.</p> <p>We acknowledge that a test of security controls was conducted for the remaining three systems. However, due to the fact that this documentation was submitted to the OIG after the draft audit report was issued, we did not have sufficient time to evaluate the quality of these tests of security controls.</p> <p>Based on our FY 2009 FISMA audit, this recommendation is still open. Two systems were not adequately tested in FY 2009.</p> <p><b>Estimated completion date: long-term</b></p>	None	Improved controls for ensuring that systems have appropriate security controls in place and functioning properly.
2	<u>Contingency Plan Testing</u> - FISMA requires that a contingency plan be in place for each major application, and that the contingency plan be tested on an annual basis. We determined that only 36 of OPM's 40 systems were tested in the past year.	We recommend that OPM's program offices test the contingency plans for each system on an annual basis.	Agreed	<p>CIS/CIO agreed with the recommendation and provided evidence that contingency plans were tested for the remaining systems. However, our review of this evidence showed that one system was still missing a contingency plan test.</p> <p>Based on our FY 2009 FISMA audit, this recommendation is still outstanding. Contingency plans for 11 systems were not properly tested in FY 2009.</p> <p><b>Estimated completion date: long-term</b></p>	None	Improved controls for recovering from an unplanned system outage.

4	<u>Agency Plan of Action and Milestones (POA&amp;M) Process</u> - OPM has implemented an agency-wide POA&M process to help track known IT security weaknesses associated with the agency's information systems. However, we found that three POA&Ms did not contain all security weaknesses identified during security controls tests of those systems.	We recommend that the program offices incorporate all known security weaknesses into the POA&Ms.	Agreed	<p>CIS/CIO concurred with this finding.</p> <p>Based on our FY 2009 FISMA audit, this recommendation remains open. We found that POA&amp;Ms for three OPM systems did not contain all security weaknesses identified during the annual security control tests of those systems.</p> <p><b>Estimated completion date: long-term</b></p>	None	Improved controls for tracking and correcting system security weaknesses.
5	<u>Agency POA&amp;M Process</u> - OPM program office officials are responsible for developing, implementing, and managing POA&M's for each system that they own and operate. The OIG was provided evidence that POA&Ms are continuously managed for only 38 of OPM's 40 systems.	We recommend that an up-to-date POA&M exist for each system in OPM's inventory.	Agreed	<p>CIS/CIO concurred with this finding and provided two system POA&amp;Ms that were not previously submitted as part of the original audit request.</p> <p>We acknowledge that a current POA&amp;M exists for one of the two systems in question. However, the POA&amp;M for the second system was recently created and had not been updated since February 2007. Furthermore, this POA&amp;M did not incorporate security vulnerabilities identified during the 2008 security controls testing of the system.</p> <p>Based on our FY 2009 FISMA audit, this recommendation remains open. We found that current POA&amp;Ms were not submitted to CIS for 2 systems in the fourth quarter of 2009.</p> <p><b>Estimated completion date: long-term</b></p>	None	Improved controls for tracking and correcting system security weaknesses.

6	<p><u>Agency POA&amp;M Process</u> - On a quarterly basis, OPM program officials are required to send the CIS/CIO an updated POA&amp;M detailing the progress made in correcting security weaknesses. However, POA&amp;Ms were not submitted to the CIS/CIO for 3 systems in the third quarter of 2008.</p>	<p>We recommend that all program offices submit POA&amp;Ms to the CIS/CIO office on a quarterly basis.</p>	<p>Agreed</p>	<p>CIS/CIO concurred with this recommendation and provided the three system POA&amp;Ms that had not been previously submitted as a part of the original audit request. In the future, CIS/CIO will require that all systems provide a quarterly POA&amp;M whether or not weaknesses are identified for each system.</p> <p>The POA&amp;MS provided by CIS/CIO in response to the draft audit report were for the 4<sup>th</sup> Quarter of 2008. This audit recommendation resulted from tests of 3<sup>rd</sup> quarter POA&amp;M submissions which showed that POA&amp;Ms for 3 of OPM's 40 systems were missing. We continue to recommend that all program offices submit POA&amp;Ms to the CIS/CIO on a quarterly basis.</p> <p>This recommendation remains open - see item 5 above.</p> <p><b>Estimated completion date: long-term</b></p>	<p>None</p>	<p>Improved controls for tracking and correcting system security weaknesses.</p>
---	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------	---------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------	----------------------------------------------------------------------------------

9	<p><u>Certification and Accreditation Process</u> - OPM's IndentiPass system has not been subject to a full C&amp;A since 2003. The system was partially certified and accredited in 2006, but the process did not include an independent test of the system's security controls. The 2006 C&amp;A documentation included an extended authorization to operate (ATO) for one year, as a new system was scheduled to replace IndentiPass in January 2007. In 2007, the ATO was extended for an additional year because the release date of the new system was pushed back to August 2007.</p> <p>As of August 2008, the ATO for IndentiPass had been extended a third time with no specified expiration date.</p>	<p>We recommend that the CIS/CIO take the appropriate steps to ensure that all active systems in OPM's inventory have a complete and current C&amp;A.</p>	<p>Agreed</p>	<p>CIS/CIO concurred with the recommendation and provided a document that it claimed was a new C&amp;A for the IndentiPass system. The documentation provided included a fourth extension to the IndentiPass system's ATO, but was not a complete C&amp;A package as required by FISMA. Specifically, the 2008 C&amp;A documentation for IndentiPass:</p> <ul style="list-style-type: none"> <li>• Did not contain a current Information System Security Plan (ISSP). The ISSP provided was developed in August 2003.</li> <li>• Did not include a contingency plan or contingency plan test.</li> <li>• Did not contain signed Certification and Accreditation statements.</li> <li>• Contained an incomplete POA&amp;M.</li> </ul> <p>As of January 2009 CIS/CIO claimed that the IndentiPass system was decommissioned and replaced by the Integrated Security Management System (ISMS).</p> <p>During the FY 2009 audit, we discovered that one system on OPM's inventory was placed into production before a C&amp;A was completed, and the prior C&amp;A for three systems has expired and a new C&amp;A has not been completed. This recommendation remains open. <b>Estimated completion date: long-term</b></p>	<p>None</p>	<p>Improved controls for ensuring that OPM's major computer systems have been properly secured in accordance with NIST requirements and industry best practices.</p>
---	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------	---------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------

12	<p><u>Agency Progress in Implementing OMB M-07-16: privacy requirements</u> - OMB M-07-16 requires agencies to establish a plan to eliminate the unnecessary collection and use of social security numbers (SSNs) within 18 months. OPM has taken several steps to reduce the use of SSNs in its systems and programs but has not fully implemented the requirement.</p>	<p>We recommend that OPM continue its efforts to reduce the use of SSNs and develop a formal plan to eliminate the unnecessary collection and use of SSNs within 18 months in accordance with OMB M-07-16.</p>	Agreed	<p>CIS/CIO concurred with the recommendation and stated that it would continue efforts to reduce the use of SSNs and update the formal plan to eliminate the unnecessary collection and use of SSNs.</p> <p>In September 2009, CIS developed a formal plan to reduce the use of SSNs at OPM. The plan includes elements such as maintaining an inventory of OPM forms and validating the need for SSNs on these forms, working with system owners to scrub existing databases of SSNs, and providing guidance to system developers to mask SSN displays on reports and computer screens. However, the plan does not address participation in government-wide efforts to explore alternatives to agency use of SSNs, as required by OMB Memorandum M-07-16.</p> <p>This recommendation remains open.</p> <p><b>Estimated completion date: long-term</b></p>	None	Improved controls for protecting agency PII data.
13	<p><u>Agency Progress in Implementing OMB M-07-16: security requirements</u> - The agency has implemented a temporary solution that requires users to manually encrypt sensitive data using WinZip. OPM is in the process of developing a solution to automatically encrypt sensitive data on mobile computers.</p>	<p>We recommend that OPM continue its efforts to implement a solution to automatically encrypt all data on mobile computers/devices carrying agency data unless the data is determined not to be sensitive.</p>	Agreed	<p>CIS/CIO concurred with the finding.</p> <p>During the FY 2009 FISMA audit, we found that CIS/CIO facilitates the purchase of all new laptops at OPM and ensures that an image with encryption capability is installed on each device. However, CIS was unable to provide evidence of how many laptops issued to OPM employees and contractors contain the new image with encryption capabilities.</p> <p>The recommendation remains open.</p> <p><b>Estimated completion date: long-term</b></p>	None	Improved controls for ensuring that agency data is adequately protected from unauthorized disclosure.

15	<p><u>Configuration Management</u> - The OIG conducted a vulnerability scan of 10 production Oracle databases at OPM. The results of the scans indicated that all 10 databases contained at least 1 configuration setting that was not compliant with OPM's Oracle configuration policy.</p>	<p>We recommend that OPM configure its Oracle databases in a manner consistent with OPM's Oracle Configuration Policy. Each of the vulnerabilities outlined in the OIG's audit inquiry should be formally documented, itemized, and prioritized in a POA&amp;M. In the event that a vulnerability cannot be remediated due to a technical or business reason, the supported system's owner should document the reason in the system's ISSP to formally accept any associated risks.</p>	<p>Agreed</p>	<p>The OIG agrees that OPM's Application Support Group (ASG) has addressed the vulnerabilities for 5 of the 10 databases we reviewed. Each of the five remaining databases has a single outstanding vulnerability in common. These five databases are all running Oracle version 8i. Because Oracle 8i is no longer supported by the vendor, OPM is hesitant to make the system changes necessary to address this vulnerability.</p> <p>Two of the 40 systems in OPM's inventory are affected by the vulnerability in these 5 databases. The owner of one of these systems has formally accepted the risks associated with operating an outdated version of Oracle. We recommend that CIS/CIO work with the other system owner to incorporate an acceptance of risk.</p> <p>In FY 2009, there remains one database vulnerability without a formally documented risk acceptance.</p> <p>This recommendation remains open.</p> <p><b>Estimated completion date: long-term</b></p>	<p>None</p>	<p>Improved controls for preventing unauthorized access to OPM systems and data.</p>
----	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------	--------------------------------------------------------------------------------------

16	<p><u>Configuration Management:</u>  <u>Federal Desktop Core Configuration</u> - OMB Memorandum M-07-11 required Federal agencies to implement standard security configurations for Windows XP and Vista by February 2008. As of August 2008, OPM has created a new standard Windows XP image that generally adheres to FDCC requirements, and settings that deviate from FDCC requirements have been documented. However, the FDCC settings have only been implemented in one program office at OPM. Furthermore, OPM has not included New Federal Acquisition Regulation 2007-004 language into all contracts related to common security settings.</p>	<p>We recommend that OPM continue its efforts to implement all required elements of the FDCC.</p>	<p>Agreed</p>	<p>CIS/CIO concurred with this recommendation.</p> <p>As of September 30, 2009, OPM's FDCC compliant image has not been implemented on any production workstations, and OPM has not documented and justified FDCC deviations for the standard image that is currently implemented on OPM workstations.</p> <p>In addition, updated language from 48 CFR Part 39, Acquisition of Information Technology, has not been included in all contracts related to common security settings.</p> <p>This recommendation remains open.</p> <p><b>Estimated completion date: long-term</b></p>	<p>None</p>	<p>Improved controls for preventing unauthorized access to OPM systems.</p>
----	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------	---------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------	-----------------------------------------------------------------------------

19	<p><u>IT Security Policies and Procedures</u> - The CIS/CIO follows the issuance of new IT security guidance closely and provides applicable guidance to agency DSOs in a timely manner. However, this information has not been routinely incorporated into the Agency's IT security policies.</p> <p>The majority of OPM's IT security policies and procedures available to OPM employees via the agency's intranet (THEO) have not been updated in at least three years.</p> <p>OPM's failure to adequately update IT security policies and procedures has been highlighted in the past three OIG FISMA audit reports. We acknowledge the steps that OPM has taken in creating updated policies and procedures, but will continue to consider this condition a material weakness in OPM's IT security program until all policies and procedures have been updated and published to THEO.</p>	<p>We recommend that the CIS/CIO promptly update OPM's IT security policies and publish them to THEO.</p>	Agreed	<p>CIS/CIO concurred with the need to promptly update and disseminate IT security policy; however, it disagreed that the issue represents a material weakness.</p> <p>This recommendation was first identified as a material weakness in the FY 2007 FISMA audit report, in which the CIS/CIO concurred with our position. IT security policies and procedures are the foundation of an IT security program. Without reasonably current policies and procedures, the program will be ineffective. In FY 2008, the majority of these policies have gone another year without a documented update, and the OIG continues to believe that this condition represents a material weakness in OPM's IT security program.</p> <p>In FY 2009, OPM made limited progress on updating its IT security policies and procedures; however, more work remains. The IT Security and Privacy Policy was updated, but it was copied directly from NIST SP 800-53 and not tailored to OPM's environment. In addition, many other supporting policies are missing.</p> <p>This issue remains open as a material weakness.</p> <p><b>Estimated completion date: long-term</b></p>	None	<p>Improved organization-wide IT security controls.</p>
----	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------	--------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------	---------------------------------------------------------



Report #: **1A-10-92-08-021**Date Issued: **November 28, 2008**Subject: **Audit of IS G&A Controls at CareFirst**Report Type: **IT Audit – BlueCross BlueShield Plan****BlueCross BlueShield and the FEP Operations Center**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Business Impact Analysis</u> - As part of their overall risk management process, CareFirst and the FEPOC have conducted business impact analyses (BIA) to evaluate the degree that disruptions to various business processes would have on the organizations as a whole. However, both the FEPOC and the CareFirst BIAs are outdated.	We recommend that the FEPOC BIA be updated on an annual basis.	Agreed	Based on information provided by the BlueCross Blue Shield Association, OPM still considers these recommendations open until the Plan reports on the results of the additional actions being taken to implement the recommendations.	None	Improved controls for ensuring that systems have appropriate security controls in place and functioning properly.
2	<u>Business Impact Analysis</u> - The CareFirst BIA was last updated in March 2005, based on survey results from September 2004. Although updated surveys were collected in May 2007, this information has not been incorporated into an updated BIA.	We recommend that the CareFirst BIA be updated to include the results of the most recent BIA surveys, and be updated on a periodic basis thereafter.	Agreed	See above	None	Improved controls for ensuring that systems have appropriate security controls in place and functioning properly.
3	<u>Firewall Configuration Policy</u> - CareFirst has not established a corporate policy detailing firewall configuration requirements.	We recommend that CareFirst implement a firewall configuration policy, and begin using this policy as a baseline during periodic firewall reviews and audits. The policy should contain the elements suggested by NIST SP 800-41 or other appropriate guidance.	Agreed	See above	None	Improved controls for ensuring that systems have appropriate security controls in place and functioning properly.

4	<u>Password Complexity Requirement</u> - CareFirst uses Resource Access Control Facility (RACF) security software to govern access to mainframe applications. The OIG reviewed CareFirst's SETR List and concluded that the RACF password complexity requirements are configured in a manner that is not consistent with CareFirst policy or industry acceptable best-practice.	We recommend that CareFirst improve controls related to password requirements in a manner that prevents users from setting a RACF password that does not meet CareFirst policy and industry standards	Agreed	See above	None	Improved controls for ensuring that systems have appropriate security controls in place and functioning properly.
5	<u>OBRA 93 Pricing</u> - Two OBRA 93 test claims were priced incorrectly, resulting in an overpayment to the provider.	We recommend that CareFirst/FEPOC implement the appropriate system modifications to ensure that OBRA 93 claims are priced appropriately.	Agreed	See above	None	Improved controls for ensuring that FEHBP claims are processed accurately.
6	<u>Chiropractic Spinal Manipulations Accumulator</u> - In two test scenarios, chiropractic benefits related to spinal manipulations were incorrectly applied.	We recommend that CareFirst/FEPOC implement the appropriate system modifications to ensure that chiropractic spinal manipulation benefits are applied correctly.	Agreed	See above	None	Improved controls for ensuring that FEHBP claims are processed accurately.
7	<u>Chiropractic Office Visits and X-rays</u> - The BCBS FEP benefit structure allows for one chiropractic office visit and one set of x-rays each calendar year. However, in two test scenarios, benefits were paid for multiple office visits for one subscriber.	We recommend that CareFirst/FEPOC implement the appropriate system modifications to ensure that subscribers receive benefits for only one chiropractic office visit and one set of x-rays each calendar year.	Agreed	See above	None	Improved controls for ensuring that FEHBP claims are processed accurately.

8	<p><u>Chiropractic Diagnosis</u> - A test claim was processed where benefits were paid for chiropractic spinal manipulations associated with an inappropriate diagnosis. This system weakness increases the risk that benefits are being paid for chiropractic procedures associated with a diagnosis that may not warrant such treatment.</p>	<p>We recommend that CareFirst/FEPOC implement the appropriate system modifications to ensure that a subscriber's diagnosis is evaluated for appropriateness before chiropractic benefits are paid.</p>	Agreed	See above	None	Improved controls for ensuring that FEHBP claims are processed accurately.
9	<p><u>Multiple Procedure Instances</u> - Two test claims were processed and paid for a subscriber receiving the same surgical procedure twice in one day from different providers.</p>	<p>We recommend that CareFirst/FEPOC incorporate the appropriate edits into FEP Express that will allow the system to identify and suspend claims that are identical to previously processed claims in all fields except for the provider.</p> <p>We acknowledge the fact that, for certain procedures, it may be possible to have the same type of service rendered on the same day by different providers. The system could be programmed to selectively apply the new edit based on the procedure in question. In order to avoid hindering the efficiency of the edit process, the edit could be designed to bypass entire classes of procedures where multiple same-day instances of a procedure are likely to occur (e.g., office visits, lab tests, dental procedures)</p>	Agreed	See above	None	Improved controls for ensuring that FEHBP claims are processed accurately.

10	<u>Procedure Bundling</u> - A test claim containing multiple laboratory procedures was not appropriately bundled.	We recommend that CareFirst/FEPOC implement the appropriate modifications to FEP Express to ensure that the system can appropriately process claims where procedure bundling is required	Agreed	See above	None	Improved controls for ensuring that FEHBP claims are processed accurately.
11	<u>Procedure to Diagnosis Inconsistency</u> - A test claim was processed where benefits were paid for a procedure associated with an inappropriate diagnosis. This system weakness increases the risk that benefits are being paid for procedures associated with a diagnosis that may not warrant such treatment.	We recommend that CareFirst/FEPOC implement the appropriate system modifications to ensure that a subscriber's diagnosis is evaluated for appropriateness before benefits are paid.	Agreed	See above	None	Improved controls for ensuring that FEHBP claims are processed accurately.
12	<u>Non-participating Provider Pricing</u> - A non-participating provider was paid an amount significantly greater than the amount allowed by the Medicare fee schedule. This system weakness increases the risk that non-par providers are being significantly overpaid when they inadvertently or fraudulently submit charges well in excess of the Medicare fee schedule amount.	We recommend that CareFirst/FEPOC implement the appropriate system modifications to ensure that non-par provider claims are suspended for review when there is a large variance between the NPA and the Medicare fee schedule. CareFirst/FEPOC will need to determine an acceptable variance above which the claims should be suspended.	Agreed	See above	None	Improved controls for ensuring that FEHBP claims are processed accurately.

13	<p><u>OBRA 90 Transfer</u> - An OBRA 90 test claim was incorrectly processed as a transfer claim. The OIG suspects that the BCBSA's FEP Express system has not been updated to incorporate the discharge status codes outlined in the Carrier Letter. As a result, CareFirst/FEPOC has incorrectly priced all OBRA 90 claims with a status code of '43' that have been processed after February 28, 2007, the date the Carrier Letter was issued.</p>	<p>We recommend that CareFirst/FEPOC implement the necessary system modifications to ensure compliance with the requirements of OPM Carrier letter 2007-6.</p>	Agreed	See above	None	<p>Improved controls for ensuring that FEHBP claims are processed accurately.</p>
----	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------	--------	-----------	------	-----------------------------------------------------------------------------------

Report #: **4A-CI-00-09-053**Date Issued: **May 27, 2009**Subject: **Flash Audit Alert - Information Technology Security Program at OPM**Report Type: **Federal Information Security Management Act Audit**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
2	OPM IT Security Policy - OPM's IT security policies and procedures remain seriously outdated. The majority of these documents have not been updated in at least three years.	We recommend that CIS develop a comprehensive set of IT security policies and procedures, and a plan for updating it at least annually.	Agreed	In FY 2009, OPM made limited progress on updating its IT security policies and procedures; however, more work remains. The IT Security and Privacy Policy was updated, but it was copied directly from NIST SP 800-53 and not tailored to OPM's environment. In addition, many other supporting policies are missing.	None	Improved organization-wide IT security controls.
3	OPM IT Security Management- The agency has operated without a permanent ITSO for over 14 months, and there have been 3 acting ITSO's during that time. In addition, the acting ITSO is also the Director of the Network Management Group, a program office that manages one of the two major IT infrastructure elements at OPM. This situation creates the appearance of a lack of independence in that officials who are responsible for one of the largest and highest-risk major systems are now also responsible for oversight of the IT security compliance of that system.	We recommend that the OPM Director ensure that CIS has adequate resources to properly staff its IT Security and Privacy Group.	Agreed	As of March 31, 2010 the IT Security and Privacy Group remains understaffed with an acting chief and no federal employees. The CIO has again re-assigned NMG employees to work on the agency level IT security program.  This recommendation remains open.	None	Improved organization-wide IT security controls.

4	<u>OPM IT Security Management</u> – see above	We recommend that CIS recruit a permanent Senior Agency Information Security Officer as soon as possible and adequate staff to effectively manage the agency's IT security program.	Agreed	<p>As of late September 2009, there had been no permanent senior agency information security official (SAISO) in the agency for nearly 18 months. During this time, we observed a serious decline in the quality of the agency's information security program. In addition, there is no permanent Privacy Program Manager assigned to manage the agency's privacy program. As a result, there are many deficiencies in OPM's privacy program.</p> <p>The agency appointed a new SAISO in September 2009; however, the individual left the agency in January 2010. As of March 31, 2010 there is still no permanent SAISO at OPM. While the agency is actively recruiting a replacement, it remains to be seen whether it will commit the necessary resources and develop the appropriate functions required of this role. We will reevaluate this issue during the FY 2010 FISMA audit.</p>	None	Improved organization-wide IT security controls.
---	--------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------	--------------------------------------------------

Report #: <u>1B-43-00-08-066</u>		Date Issued: <u>June 18, 2009</u>		Report Type: <u>IT Audit – Employee Organization Plan</u>		
Subject: <u>Audit of IS Application Controls at AXA Assistance as Administrator for the Panama Canal Area Benefit Plan</u>						
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
4	<u>Appropriateness of Care</u> – AXA’s claims processing system lacks edits to prevent inappropriate health benefits claims from being processed.	We recommend that AXA determine the feasibility of implementing appropriateness of care edits for all FEHBP claims in an effort to ensure that only services covered by the Plan are paid.	Agreed	Based on information provided by AXA Assistance, OPM still considers these recommendations open until the Plan reports on the results of the additional actions being taken to implement the recommendations. The next status report is due on April 30, 2010.  <b>Estimated completion date: long-term</b>	None	Improved controls for ensuring that systems have appropriate security controls in place and functioning properly.
6	<u>Provider-to-Service Inconsistency</u> – AXA’s claims processing system incorrectly paid claims for services outside of the provider’s specialty.	We recommend that AXA implement the necessary technical controls to ensure that only services associated with the provider’s specialty are paid.	Agreed	See above	None	Improved controls for ensuring that systems have appropriate security controls in place and functioning properly.
10	<u>Explanation of Benefits</u> – we found that the explanation of benefits forms were poorly designed and could be confusing to members. As a result, their value as a tool for informing members and fighting fraud is diminished.	We recommend that AXA implement the necessary changes to ensure that EOB’s are easy for members to understand.	Agreed	See above	None	Improved controls for combating fraud, waste, and abuse in the FEHBP.



Report #: **4A-CI-00-09-052**Date Issued: **August 10, 2009**Subject: **Audit of IT Security Controls of the Integrated Security Management System (ISMS)**Report Type: **Federal Information Security Management Act Audit - OPM Computer System**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Contingency Planning</u> – The Center for Security and Emergency Action (CSEA) has documented a contingency plan for ISMS that contains procedures to recover the system following a disruption. Although the ISMS contingency plan contains the majority of critical elements suggested by the NIST guide, several areas of the contingency plan could be improved with additional details and more specific instructions.	We recommend that CSEA continue to develop and improve the ISMS contingency plan. This includes, but is not limited to, adding specific and detailed steps to the recovery procedures and assigning specific individuals to the various recovery teams. CSEA should conduct another test of the contingency plan after the plan has been modified.	Agreed	Open - we will follow-up as part of FY 2010 FISMA Audit.	None	Improved controls to allow continued operations in the event of a disaster or other service interruption.
5	<u>NIST SP 800-53 evaluation</u> - CSEA has established account management procedures for ISMS that state "Configuration management responsibilities include maintaining an updated baseline configuration for the ISMS (C*CURE) applications and then tracking changes as they occur." However, no baseline configuration exists. In addition, although ISMS automatically logs changes to configuration settings, no procedures exist to formally approve and manage configuration changes.	We recommend that CSEA document a baseline configuration for ISMS's application level settings and develop procedures for requesting and approving changes to these settings.	Agreed	Open – we will follow-up as part of the FY 2010 FISMA Audit.		Improved controls to ensure a secure configuration of the system.

Enclosure 2  
Section E

U.S. Office of Personnel Management  
Office of the Inspector General  
Congressional Request  
Reports with Unimplemented Audit Recommendations

---

## Section E

### Internal Audits

Report #: **4A-CF-00-05-028**Date Issued: **April 16, 2007**Subject: **Prompt Payment Act**Report Type: **Performance Audit**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Inaccurate Prompt Payment Due Dates and Untimely Payments</u> – Out of a sample of 65 invoices, 40 were paid late.	We recommend that the Center for Financial Services (CFS) continue to update the Government Financial Information System (GFIS) workflow to ensure that invoices are processed in accordance with the Prompt Payment Act (PPA). Specifically, GFIS should not restrict the delivery and acceptance dates to be recorded as dates on or later than the date the receiving report is prepared.	OPM agrees with the finding and recommendation.	OPM has recently implemented a new financial system (CBIS) which is expected to resolve the finding and implement corrective action. An audit of OPM's compliance with the Prompt Payment Act with the new financial system later this Fiscal Year will determine whether corrective action has been implemented.  <b><u>Est. Time Frame For Implementation:</u></b> Short-term	N/A	Policies and controls over the date fields in the financial system will ensure correct calculation of the prompt payment due dates and interest for invoices.
2	<u>Inaccurate Prompt Payment Due Dates and Untimely Payments</u> (see number 1 above for description).	We recommend that CFS ensure that the designated billing office annotate the date an invoice is received. This date should be accurately recorded in GFIS in the 'Log Date' field. If the designated billing office does not annotate the receipt of an invoice, the vendor invoice date should be recorded in GFIS as the Log Date.	OPM agrees with the finding and recommendation.	OPM has recently implemented a new financial system (CBIS) which is expected to resolve the finding and implement corrective action. An audit of OPM's compliance with the Prompt Payment Act with the new financial system later this Fiscal Year will determine whether corrective action has been implemented.  <b><u>Est. Time Frame For Implementation:</u></b> Short-term	N/A	Using the correct receipt date as the 'Log Date' field will enable the financial system to calculate the correct payment due date and the date of which interest will begin to accrue if a payment is late.

3	<u>Inaccurate Prompt Payment Due Dates and Untimely Payments</u> (see number 1 above for description).	We recommend that CFS ensure that program offices accept goods and services in a timely manner and the acceptance date should be annotated on the invoice. This date should be accurately recorded in GFIS in the 'Acceptance Date' field.	OPM agrees with the finding and recommendation.	<p>OPM has recently implemented a new financial system (CBIS) which is expected to resolve the finding and implement corrective action. An audit of OPM's compliance with the Prompt Payment Act with the new financial system later this Fiscal Year will determine whether corrective action has been implemented.</p> <p><b><u>Est. Time Frame For Implementation:</u></b> Short- term</p>	N/A	Recording the correct date in the 'Acceptance Date' field will enable the financial system to calculate the correct payment due date & the date of which interest will begin to accrue if a payment is late.
4	<u>Inaccurate Prompt Payment Due Dates and Untimely Payments</u> (see number 1 above for description).	We recommend that CFS consider methods of receiving invoices electronically.	OPM agrees with the finding and recommendation.	<p>OPM has recently implemented a new financial system (CBIS) which is expected to resolve the finding and implement corrective action. An audit of OPM's compliance with the Prompt Payment Act with the new financial system later this Fiscal Year will determine whether corrective action has been implemented.</p> <p><b><u>Est. Time Frame For Implementation:</u></b> Short- term</p>	N/A	The receipt of electronic invoices will reduce the risk of lost or misplaced invoices and will assist in determining receipt and acceptance dates.

5	<u>Inaccurate Prompt Payment Due Dates and Untimely Payments</u> (see number 1 above for description).	We recommend that CFS determine why the prompt payment due dates were incorrect, causing incorrect interest calculations, and take corrective action.	OPM agrees with the finding and recommendation.	OPM has recently implemented a new financial system (CBIS) which is expected to resolve the finding and implement corrective action. An audit of OPM's compliance with the Prompt Payment Act with the new financial system later this Fiscal Year will determine whether corrective action has been implemented.  <b><u>Est. Time Frame For Implementation:</u></b> Short-term	N/A	Determining the cause of incorrect prompt payment due dates will allow CFS to make the necessary revisions to their policies in order to reduce future occurrences of incorrect interest calc.
7	<u>Incorrect Interest Calculations</u> – GFIS did not calculate interest properly for 14 out of 29 untimely transactions. 5 CFR 1315.10(b)(2) states that "Late payment interest penalties shall be paid without regard to whether the vendor has requested payment or such penalty, and shall be accompanied by a notice stating the amount of the interest penalty, the number of days late and the rate used." 5 CFR 1315.17(b) includes the formulas to calculate daily simple interest and monthly compounding interest rates.	We recommend that CFS determine why the interest calculations in GFIS are not being made in accordance with the Prompt Pay Act and take corrective action.	OPM agrees with the finding and recommendation.	OPM has recently implemented a new financial system (CBIS) which is expected to resolve the finding and implement corrective action. An audit of OPM's compliance with the Prompt Payment Act with the new financial system later this Fiscal Year will determine whether corrective action has been implemented.  <b><u>Est. Time Frame For Implementation:</u></b> Long-term	N/A	As a result of calculating interest correctly for timely transactions, OPM will not over pay vendors.

8	<u>Unallowable Early Payments</u> – We identified 22 invoices over \$2,500 each that were paid more than 7 days early. These invoices should not have been paid early because they did not meet the accelerated or fast payment guidelines defined by 5 CFR 1315.	We recommend that CFS ensure that payments made early meet the PPA requirements specifically 5 CFR 1315.4, 1315.5 and 1315.6.	OPM agrees with the finding and recommendation.	OPM has recently implemented a new financial system (CBIS) which is expected to resolve the finding and implement corrective action. An audit of OPM's compliance with the Prompt Payment Act with the new financial system later this Fiscal Year will determine whether corrective action has been implemented.  <u>Est. Time Frame For Implementation:</u> Short-term	N/A	Paying invoices in accordance with the PPA requirements will reduce the risk of invoice payment errors.
9	<u>Unallowable Early Payments</u> (see number 8 above for description)	We recommend that CFS require evidence of approval and meeting prompt pay requirements from program offices requesting payments prior to the prompt pay date.	OPM agrees with the finding and recommendation.	OPM has recently implemented a new financial system (CBIS) which is expected to resolve the finding and implement corrective action. An audit of OPM's compliance with the Prompt Payment Act with the new financial system later this Fiscal Year will determine whether corrective action has been implemented.  <u>Est. Time Frame For Implementation:</u> Short-term	N/A	Requiring evidence of approvals will ensure that payments made prior to the prompt pay date have been appropriately authorized.

Report #: <b><u>4A-RI-00-05-037</u></b>			Date Issued: <b><u>March 18, 2008</u></b>			
Subject: <b><u>OPM's Reclamation Process</u></b>			Report Type: <b><u>Internal Audit</u></b>			
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
4	<u>Lack of Effective Controls over Reclamation Write-offs</u> CFS does not have effective controls over write-offs. Specifically, CFS does not have written procedures for write-offs of reclamation receivables.	We recommend that CFS develop and implement write-off procedures for receivables. Procedures should document the signature levels required for approval, along with the criteria for write-offs.	OPM agrees with the finding and recommendation.	We received the draft write-off policy. We are working with OPM's IOC to resolve this recommendation.  <b><u>Est. Time Frame for Implementation:</u></b> Long Term	N/A	Reduction of reported receivables on OPM's financial statements.
6	<u>Reclamation Documentation not Provided</u> CFS did not have procedures for maintaining and retaining supporting documentation for reclamation actions.	We recommend that CFS and RSP develop and implement procedures to retain all documentation supporting its reclamation efforts. The procedures should clarify what documentation is necessary to support the reclamation actions and should specify a retention period for maintaining the documentation.	OPM agrees with the finding and recommendation.	We are working with OPM's IOC to resolve this recommendation.  <b><u>Est. Time Frame for Implementation:</u></b> Long Term	N/A	Supporting documentation for reclamation actions consistent with OPM policy for actions pertaining to the retirement program.

Report #: **4A-CA-00-07-054**Date Issued: **August 26, 2008**Subject: **Audit of the Agreement between OPM and the National Archives & Records Administration (NARA) for the Storage & Servicing of Records**Report Type: **Internal Audit**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Memorandum of Understanding</u> The Memorandum of Understanding between OPM and NARA has not been updated since 1988.	We recommend that OPM revise the MOU and form a committee including representatives from Management Services Division, Strategic Human Resource Policy Division, Office of the Chief Financial Officer (OCFO), the Office of the General Counsel, and representatives from NARA to work together to determine what services are required or are in the best interest of OPM.	OPM agrees with the finding and recommendation.	We are working with OPM's IOC to obtain the documentation from the program office supporting implementation of corrective action.  <b><u>Est. Time Frame For Implementation:</u></b> Long-term	N/A	Updating the MOU, will ensure that OPM is no longer locked into an outdated business model which includes services that OPM may no longer want and/or need NARA to perform.
2	<u>Interagency Agreement</u> OPM does not have written policies and procedures outlining the steps involved in negotiating, reviewing, and approving the Interagency Agreement with NARA.	We recommend that OPM develop, approve, and implement policies and procedures for reviewing the Interagency Agreement prior to signing.	OPM agrees with the finding and recommendation.	We are working with OPM's IOC to obtain the documentation from the program office supporting implementation of corrective action.  <b><u>Est. Time Frame For Implementation:</u></b> Short-term	N/A	Policies & procedures will help to ensure that OPM does not incur charges for services not outlined in the Interagency Agreement and/or helps to ensure that NARA does not perform services no longer needed by OPM.



3	<u>Bill Validation Process</u> (See number 2 above for description.)	We recommend that OPM implement quality control policies and procedures, including monthly reviews of bills received from NARA to ensure that charges to OPM from all Federal Records Centers are valid before payment is made by the OCFO.	OPM agrees with the finding and recommendation; however, it remains to be decided who can and should pay these charges, and who should validate the bills.	We are working with OPM's IOC to obtain the documentation from the program office supporting implementation of corrective action.  <b><u>Est. Time Frame For Implementation:</u></b> Long-term	N/A	Quality control procedures will help decrease the risk of incorrect payments being made to NARA.
4	<u>Bill Validation Process</u> (See number 2 above for description.)	We recommend that OPM maintain documentation to support its internal tracking and estimate of costs and the review of Washington National Records Center records transfers and transactions.	OPM agrees with the finding and recommendation.	We are working with OPM's IOC to obtain the documentation from the program office supporting implementation of corrective action.  <b><u>Est. Time Frame For Implementation:</u></b> Long-term	N/A	Maintaining documentation of OPM's review ensures that management reviewed supporting documentation prior to payments being made to NARA.
5	<u>Bill Validation Process</u> (See number 2 above for description.)	We recommend that OPM establish policies and procedures to track Official Personnel Folders (OPFs) and Employee Medical Folders (EMFs) sent from Federal agencies to NARA to ensure that OPM is able to reconcile documents being sent to and received by NARA.	OPM agrees in principle with the finding and recommendation; however, it is yet to be decided who will pay these record charges going forward and, therefore, who should reconcile documents being sent to and received by NARA.	We are working with OPM's IOC to obtain the documentation from the program office supporting implementation of corrective action.  <b><u>Est. Time Frame For Implementation:</u></b> Long-term	N/A	Quality control procedures will help decrease the risk of incorrect payments being made to NARA.
8	<u>Invoice Discrepancies</u> NARA's St. Louis, Dayton, and Washington records centers incorrectly billed OPM for services rendered in April, June, and July 2007. The amount of the errors was immaterial; however, the errors highlighted an internal control weakness that should be corrected.	We recommend that NARA improve their internal control procedures over the entry, review, and approval of information that supports the invoice amounts billed to OPM.	NARA agrees with the finding and recommendation.	We are working with OPM's IOC to obtain the documentation from the program office supporting implementation of corrective action.  <b><u>Est. Time Frame For Implementation:</u></b> Short-term	N/A	Having invoices supported by proper documentation, lowers the occurrence of inappropriate or inaccurate billings.

Report #: <b>4A-CF-00-08-025</b>			Date Issued: <b>November 14, 2008</b>			
Subject: <b>Audit of the Fiscal Year 2008 Financial Statements</b>			Report Type: <b>Internal Audit – Financial Statement</b>			
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Information Systems General Control Environment</u> The Office of the Chief Information Officer (OCIO) has made progress in addressing information system general control deficiencies identified in previous years. However, some deficiencies have not been fully addressed. Specifically, security policies and procedures have not been updated to incorporate current authoritative guidance and the procedures performed to certify and accredit certain financial systems were not complete. In addition, it was noted that application access permissions have not been fully documented to describe the functional duties the access provides to assist management in reviewing the appropriateness of system access. Also, there were instances where background investigations and security awareness training was not completed prior to access being granted.	The OCIO should continue to update and implement entity-wide security policies and procedures and provide more direction and oversight to Program Offices for completing certification and accreditation requirements. In addition, documentation on application access permissions should be enhanced and linked with functional duties and procedures for granting logical access need to be refined to ensure access is granted only to authorized individuals.	OPM agrees with the finding and recommendation.	Awaiting full implementation of OPM's new accounting system, Consolidated Business Information System (CBIS).  <u>Est. Time Frame For Implementation:</u> Long-Term	N/A	The continued implementation of planned security enhancements will assist in enhancing agency-wide monitoring of critical IT resources to prevent and detect unauthorized use.

2	<p><u>Financial Management and Reporting Process of the Office of the Chief Financial Officer</u></p> <p>Certain deficiencies in the operation of the Office of the Chief Financial Officer's (OCFO's) internal control over financial management and reporting, affecting the accuracy of the Revolving Fund (RF) Program and Salaries &amp; Expense (S&amp;E) Fund, continue to exist at OPM.</p>	<p>We recommend that OPM implement a new accounting system or modify the existing accounting system as appropriate to ensure that all financial information is properly captured and is properly configured to produce useful financial reports that provide accurate information regarding related intra-governmental activities and balances.</p>	<p>OPM agrees with the finding and recommendation.</p>	<p>Awaiting implementation of the new OPM accounting system which occurred in FY 2010.</p> <p><u>Est. Time Frame For Implementation:</u> Long-Term</p>	N/A	<p>The ability to accurately record, process, summarize and report financial data for the RF Program and S&amp;E Fund may safeguard the financial statements from financial misstatements.</p>
3	<p><u>Financial Management and Reporting Process of the Office of the Chief Financial Officer</u></p> <p>(see number 2 above for description)</p>	<p>We recommend that OPM continue to identify and correct existing differences between OPM's internal data and the information reported by Treasury. At such a time when no additional reductions can be identified, OPM should, in conjunction with appropriate oversight agencies, write down the remaining amount to clear the remaining Fund Balance with Treasury (FBWT) balance.</p>	<p>OPM agrees with the finding and recommendation.</p>	<p>Awaiting implementation of the new OPM accounting system which occurred in FY 2010.</p> <p><u>Est. Time Frame For Implementation:</u> Short-Term</p>	N/A	<p>The ability to accurately record, process, summarize and report financial data for the RF Program and S&amp;E Fund may safeguard the financial statements from financial misstatements.</p>
4	<p><u>Financial Management and Reporting Process of the Office of the Chief Financial Officer</u></p> <p>(see number 2 above for description)</p>	<p>We recommend that OPM CFO management actively enforce procedures regarding the documentation of S&amp;E Fund reconciliations in accordance with guidelines outlined in the "Treasury Financial Manual" and OPM's "Cash Management Policy and Procedures."</p>	<p>OPM agrees with the finding and recommendation.</p>	<p>Awaiting implementation of the new OPM accounting system which occurred in FY 2010.</p> <p><u>Est. Time Frame For Implementation:</u> Short-Term</p>	N/A	<p>Gaining a full understanding of the GFIS system and related processes and procedures will enable the OCFO to properly account for the RF Program and S&amp;E Fund's transactions.</p>

5	<p><u>Financial Management and Reporting Process of the Office of the Chief Financial Officer</u> (see number 2 above for description)</p>	<p>We recommend that OPM retain appropriate supporting documentation for correcting journal entries and emphasis be made on the need to follow existing internal control policies and procedures.</p>	<p>OPM agrees with the finding and recommendation.</p>	<p>Awaiting implementation of the new OPM accounting system which occurred in FY 2010.</p> <p><u>Est. Time Frame For Implementation:</u> Short-Term</p>	N/A	<p>Gaining a full understanding of the GFIS system and related processes and procedures will enable the OCFO to properly account for the RF Program and S&amp;E Fund's transactions.</p>
6	<p><u>Federal Financial Management Improvement Act of 1996 (FFMIA)</u>  In accordance with OMB Circular A-127, <i>Financial Management Systems</i>, as amended, OPM is to record financial events consistent with the applicable definitions, attributes, and processing rules defined in the United States Standard General Ledger (USSGL) at the transaction level. While improvements have been made, the OCFO does not consistently record RF Program and S&amp;E Fund transactions at the USSGL level to support the RF Program and S&amp;E Fund financial statements at the transaction level.</p>	<p>We recommend that the OCFO should continue implementation of its corrective action plan over the Government Financial Information System (GFIS) system and related processes and procedures to enable the OCFO to account for the RF Program and S&amp;E Fund's transactions in accordance with the USSGL at the transaction level.</p>	<p>OPM agrees with the finding and recommendation.</p>	<p>Awaiting implementation of the new OPM accounting system which occurred in FY 2010.</p> <p><u>Est. Time Frame For Implementation:</u> Short-Term</p>	N/A	<p>Gaining a full understanding of the GFIS system and related processes and procedures will enable the OCFO to properly account for the RF Program and S&amp;E Fund's transactions.</p>

Report #: <b>4A-CF-00-08-014</b>			Date Issued: <b>April 21, 2009</b>			
Subject: <b>Audit Report on the Audit of the Security of PII in FISD of the OPM</b>			Report Type: <b>Internal Audit – Performance</b>			
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
8	<u>Lack of Controls over the Return of Investigative Case Notes</u>  FISD investigative case notes were destroyed prior to the expiration of the three-year retention period. In addition, FISD does not have controls in place to ensure that all case materials are returned once a case is closed in PIPS.	We recommend that FISD implement internal controls for monitoring the return of case notes for investigations closed in PIPS, in compliance with OMB A-123.	OPM agrees with the finding and recommendation.	We are working with OPM’s IOC to obtain the documentation from the program office supporting implementation of corrective action.  <u>Est. Time Frame For Implementation:</u> Short-Term	N/A	Internal control procedures will help decrease the risk of the loss of case materials containing PII.
9	<u>Lack of Controls for the Handling of PII While Employees Telework</u>  FISD does not have an adequate method of tracking the removal and return of background cases and related case materials while employees telework.	We recommend that FISD develop internal controls to effectively monitor and document the removal and return of PII for telework.	OPM agrees with the finding and recommendation.	FIS, formerly FISD, is working on a draft policy for telework.  We are working with OPM’s IOC to obtain the documentation from the program office supporting implementation of corrective action.  <u>Est. Time Frame For Implementation:</u> Short-Term	N/A	Internal control procedures will help decrease the risk of the loss of case materials containing PII.

Report #: <u>4A-CA-00-08-036</u>			Date Issued: <u>June 15, 2009</u>			
Subject: <u>OPM's Inventory and Management of Sensitive Property</u>			Report Type: <u>Internal Audit</u>			
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Incomplete Laptop Inventory</u> OPM's inventory of laptops is incomplete.	We recommend that OPM's Network Management Group (NMG) perform a comprehensive inventory of all OPM-owned laptops to ensure that the inventory is complete and accurate.	OPM agrees with the finding and recommendation.	NMG has performed inventories of laptops for its two largest populations of federal workers (Headquarters in Washington DC, and Boyers, PA.). Inventories have not started in the smaller field office locations.  We are working with OPM's IOC to resolve this recommendation.  <u>Est. Time Frame for Implementation:</u> Long Term	N/A	Increased Accountability for Sensitive Property.
4	<u>Inventory Management Controls Not Followed</u> NMG is not compliant with inventory management controls as stated in its Asset Management Plan. Specifically, 42 of the 65 laptops sampled did not have OPM asset tags; and all seven of the new laptop purchases in March 2008 were not recorded in inventory within one hour of delivery.	We recommend that NMG develop internal controls to ensure that asset tags are placed on all OPM laptops (existing and new) and update the Remedy Asset Manager accordingly.	OPM agrees with the finding and recommendation.	NMG revised its Asset Management Procedures in September 2009 to include adding asset tags to laptops. NMG staff members were informed of the procedural changes verbally and in staff meetings. We need to visually inspect a small sample to ensure policy implementation.  We are working with OPM's IOC to resolve this recommendation.  <u>Est. Time Frame for Implementation:</u> ShortTerm	N/A	Increased Accountability for Sensitive Property.

5	<p><u>Inventory Management Controls Not Followed</u></p> <p>NMG is not compliant with inventory management controls as stated in its Asset Management Plan. Specifically, 42 of the 65 laptops sampled did not have OPM asset tags; and all seven of the new laptop purchases in March 2008 were not recorded in inventory within one hour of delivery.</p>	<p>We recommend that NMG develop internal controls to ensure that all new laptop purchases are verified, inventoried, and stored within one hour of delivery, as stated in the Asset Management Plan.</p>	<p>OPM agrees with the finding and recommendation.</p>	<p>NMG updated its procedures to provide for recording new assets into inventory within 8 business hours of delivery. It should be noted that if the shipment of new assets is over 200 units, they will be added to the inventory database as quickly as possible. Control is lacking a method to measure compliance with procedure.</p> <p>We are working with OPM's IOC to resolve this recommendation.</p> <p><b><u>Est. Time Frame for Implementation:</u></b> Short Term</p>	N/A	<p>Increased Accountability for Sensitive Property.</p>
6	<p><u>Lack of Controls Over OPM's BlackBerry Inventory</u> - OPM's program divisions do not have adequate controls to account for their BlackBerry inventories. Specifically, OPM was unable to support the physical existence of 15 out of 105 BlackBerry's sampled.</p>	<p>We recommend that OPM develop and implement guidance to ensure proper controls over BlackBerries.</p>	<p>OPM agrees with the finding and recommendation.</p>	<p>OPM is working to revise procedures and guidance.</p> <p>We are working with OPM's IOC to resolve this recommendation.</p> <p><b><u>Est. Time Frame for Implementation:</u></b> Short Term</p>	N/A	<p>Increased Accountability for Sensitive Property.</p>
7	<p><u>Lack of Controls for Disposal of Excess Sensitive Property</u> - OPM does not have adequate controls in place to ensure that excess sensitive property is disposed of according to federal property regulations. Specifically, several program divisions were unclear of the process for disposing of excess sensitive property; and, one program division disposes of its own excess property instead of coordinating the disposal through the OPM program office responsible for property disposals.</p> <p>In addition, testing of the excess sensitive property, identified as being disposed of during FY 2008, revealed that OPM could not support the disposal of the six laptops and 17 BlackBerries.</p>	<p>We recommend that OPM develop and implement specific procedures and controls to ensure compliance with the disposal of excess sensitive property in accordance with 41 CFR 102-36.</p>	<p>OPM agrees with the finding and recommendation.</p>	<p>OPM is working to revise procedures and guidance.</p> <p>We are working with OPM's IOC to resolve this recommendation.</p> <p><b><u>Est. Time Frame for Implementation:</u></b> Short Term</p>	N/A	<p>Compliance with federal property regulations and effective resource management.</p>

Enclosure 2  
Section F

U.S. Office of Personnel Management  
Office of the Inspector General  
Congressional Request  
Reports with Unimplemented Audit Recommendations

---

Section F

Combined Federal Campaign  
Audits



Report #: **3A-CF-00-07-039**Date Issued: **February 4, 2009**Subject: **Audit of the CFC of New York City**Report Type: **Combined Federal Campaign**

Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
7	<p><b><u>Un-cashed Check Procedures Not Implemented</u></b></p> <p>The PCFO did not follow the guidance set forth by the OCFCO in CFC Memo 2006-5 &amp; implement policies &amp; procedures for un-cashed checks.</p> <p>CFC Memorandum 2006-5 Part C states that the "PCFO must develop and follow policies and procedures regarding uncashed checks." The memorandum also provided suggested procedures to be followed for checks un-cashed for more than six months.</p>	We recommend that the Office of CFC Operation (OCFCO) and LFCC ensure that the PCFO institutes the policies and procedures necessary to adequately handle un-cashed CFC checks as suggested in Part C of CFC Memorandum 2006-5.	OPM's CFC Office is reviewing the finding.	<p>OPM's Office of CFC Operations has been working with the Campaign to resolve this recommendation. As of March 31, 2010, this recommendation remains unresolved.</p> <p><b><u>Est. Time Frame For Implementation:</u></b> Long-Term</p>	N/A	Charities receive the funds to which they are entitled.
10	<p><b><u>Lack of Support for LFCC Eligibility Decisions</u></b></p> <p>The LFCC did not maintain sufficient documentation to support that it made the eligibility decisions of local organizations' applications.</p> <p>5 CFR 950.104(b)(3) states that the LFCC is responsible for "Determining the eligibility of local organizations that apply to participate with the local campaign."</p>	We recommend that the OCFCO ensure that the LFCC puts policies and procedures in place to document and maintain support for its decisions regarding the eligibility of local organizations that apply to participate in the local campaign.	OPM's CFC Office is reviewing the finding.	<p>OPM's Office of CFC Operations has been working with the Campaign to resolve this recommendation. As of March 31, 2010, this recommendation remains unresolved.</p> <p><b><u>Est. Time Frame For Implementation:</u></b> Long-Term</p>	N/A	Only eligible Federations and/or agencies are included in the CFC.
11	<p><b><u>Lack of Support for LFCC Eligibility Decisions</u></b> (see number 10 above for description)</p>	We recommend that the OCFCO ensure that the LFCC understands its responsibilities regarding determining the eligibility of local organizations that apply to participate in the local campaign.	OPM's CFC Office is reviewing the finding.	<p>OPM's Office of CFC Operations has been working with the Campaign to resolve this recommendation. As of March 31, 2010, this recommendation remains unresolved.</p> <p><b><u>Est. Time Frame For Implementation:</u></b> Long-Term</p>	N/A	Only eligible Federations and/or agencies are included in the CFC.

Report #: <b>3A-CF-00-07-037</b>		Date Issued: <b>February 18, 2009</b>				
Subject: <b>Audit of the Greater Los Angeles Area CFC</b>		Report Type: <b>Combined Federal Campaign</b>				
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<p><u>Agreed-Upon Procedures Not in Compliance</u></p> <p>The PCFO's Independent Public Accountant's (IPA) audit of the 2004 campaign did not comply with all aspects of the 2006 CFC Audit Guide's agreed upon procedures (AUPs).</p> <p>In one instance where the AUP step was completed, the IPA did not report a finding identified in its working papers. In another instance, the documentation maintained by the IPA was not sufficient for us to determine if the AUP step was completed correctly.</p>	We recommend that the Office of CFC Operations (OCFCO) ensures that the Local Federal Coordinating Committee (LFCC) works with the PCFO and their IPA to implement procedures so that the AUPs, as outlined in the CFC Audit Guide, are properly completed.	OPM's CFC Office is reviewing the finding.	<p>OPM's Office of CFC Operations has been working with the Campaign to resolve this recommendation. As of March 31, 2010, this recommendation remains unresolved.</p> <p><b><u>Est. Time Frame For Implementation:</u></b></p> <p><b>Long-Term</b></p>	N/A	Increased reliance on IPA work and improved oversight of CFC operations.
2	<p><u>Financial Statements Not Provided</u></p> <p>The PCFO was unable to provide support to show that it provided its organizational-wide statements to the LFCC as required by the CFC Audit Guide. In addition, the LFCC did not submit the required audited financial statements to OPM as required by the CFC Audit Guide.</p>	We recommend that the OCFCO ensure that the PCFO and LFCC understand the reporting requirements of the CFC Audit Guide so that the audit reports and financial statements are provided to the appropriate parties by the CFC Audit Guide's deadlines.	OPM's CFC Office is reviewing the finding.	<p>OPM's Office of CFC Operations has been working with the Campaign to resolve this recommendation. As of March 31, 2010, this recommendation remains unresolved.</p> <p><b><u>Est. Time Frame For Implementation:</u></b></p> <p><b>Long-Term</b></p>	N/A	Allows for improved oversight of CFC operations.

4	<p><u>Improper Matching of Campaign Expenses</u></p> <p>The PCFO charged the 2005 CFC campaign for expenses that were not related to that campaign year, resulting in \$36,504 in inappropriate administrative charges.</p>	<p>We recommend that the OCFCO require the LFCC to ensure that the PCFO properly matches expenses to the appropriate campaign year when reimbursing itself for the actual costs of administering the local campaign in future years, as required by 5 CFR 950.106(a).</p>	<p>OPM's CFC Office is reviewing the finding.</p>	<p>OPM's Office of CFC Operations has been working with the Campaign to resolve this recommendation. As of March 31, 2010, this recommendation remains unresolved.</p> <p><b><u>Est. Time Frame For Implementation:</u></b> <b>Long-Term</b></p>	N/A	<p>PCFO correctly matches expenses with receipts for the campaign period.</p>
11	<p><u>Cutoff Procedures</u></p> <p>The PCFO incorrectly used January 31<sup>st</sup> as a cut-off date for CFC receipts instead of tracking the receipts by payroll office, as recommended by the OCFCO.</p>	<p>We recommend that the OCFCO ensure that the procedures implemented by the PCFO are adequate to properly allocate CFC receipts to the correct campaign year.</p>	<p>OPM's CFC Office is reviewing the finding.</p>	<p>OPM's Office of CFC Operations has been working with the Campaign to resolve this recommendation. As of March 31, 2010, this recommendation remains unresolved.</p> <p><b><u>Est. Time Frame For Implementation:</u></b> <b>Long-Term</b></p>	N/A	<p>Accountability for all funds received. Charities receive their proportionate amount of funds to which they are entitled.</p>
13	<p><u>Campaign Receipts Not Distributed</u></p> <p>The PCFO did not distribute \$4,025 received from other participating CFCs to the member agencies for the 2005 campaign.</p>	<p>We recommend that the OCFCO ensure that the procedures implemented by the PCFO properly account for and distribute all CFC funds received to its member agencies.</p>	<p>OPM's CFC Office is reviewing the finding.</p>	<p>OPM's Office of CFC Operations has been working with the Campaign to resolve this recommendation. As of March 31, 2010, this recommendation remains unresolved.</p> <p><b><u>Est. Time Frame For Implementation:</u></b> <b>Long-Term</b></p>	\$4,025 distributed to charities for the 2005 campaign.	<p>Charities receive their proportionate amount of funds to which they are entitled.</p>

Report #: <b>3A-CF-00-08-031</b>			Date Issued: <b>June 18, 2009</b>			
Subject: <b>Audit of the North Central Texas CFC</b>			Report Type: <b>Combined Federal Campaign</b>			
Rec #	Finding Title & Brief Description	Recommendation	Status		Estimated Program Savings	Other Non-monetary Benefit
			Agency Determination	Delay Explanation		
1	<u>Unallowable Campaign Expenses</u> Our review of the expense samples provided by the PCFO identified \$85,328 in unallowable expenses charged to the 2006 CFC. We judgmentally selected 100 general ledger transactions charged to the CFC to determine if the costs were actual, related to the CFC, and charged to the correct campaign year. For allocated transactions, we also determined whether the allocation was reasonable and accurate.	We recommend that the Office of CFC Operation (OCFCO) ensure that the PCFO distributes \$85,328 in unallowable expenses charged to the CFC to the participating organizations of the 2006 campaign.	OPM's CFC Office is reviewing the finding.	OPM's Office of CFC Operations has been working with the Campaign to resolve this recommendation. As of March 31, 2010, this recommendation remains unresolved.  <u>Est. Time Frame For Implementation:</u> Long-Term	\$85,328 distributed to charities for the 2006 campaign.	N/A
2	<u>Unallowable Campaign Expenses</u> (see number 1 above for description)	We recommend that the OCFCO and LFCC ensure that the PCFO understands its responsibilities to maintain sufficient documentation to support the charges to the CFC and that the charges are related to the CFC.	OPM's CFC Office is reviewing the finding.	OPM's Office of CFC Operations has been working with the Campaign to resolve this recommendation. As of March 31, 2010, this recommendation remains unresolved.  <u>Est. Time Frame For Implementation:</u> Long-Term	N/A	Expenses to administer the campaign are supported.
3	<u>Unallowable Campaign Expenses</u> (see number 1 above for description)	We recommend that the OCFCO and LFCC ensure that the PCFO maintains appropriate allocation support (including how allocations are determined) for all costs allocated to the CFC.	OPM's CFC Office is reviewing the finding.	OPM's Office of CFC Operations has been working with the Campaign to resolve this recommendation. As of March 31, 2010, this recommendation remains unresolved.  <u>Est. Time Frame For Implementation:</u> Long-Term	N/A	Charities are allocated expenses accurately.

4	<u>Unallowable Campaign Expenses</u> (see number 1 above for description)	We recommend that the OCFCO and LFCC ensure that the PCFO makes necessary changes to properly adhere to the clarified guidance (CFC Memorandum 2008-09) related to the charging of AUP expenses related to the CFC Audit Guide.	OPM's CFC Office is reviewing the finding.	OPM's Office of CFC Operations has been working with the Campaign to resolve this recommendation. As of March 31, 2010, this recommendation remains unresolved.  <b><u>Est. Time Frame For Implementation:</u></b> <b>Long-Term</b>	N/A	PCFO correctly matches expenses with receipts for the campaign period.
5	<u>PCFO Expense Reimbursement Not Properly Authorized</u> The LFCC did not properly authorize the PCFO's reimbursement of campaign expenses for the 2006 campaign, as required by 5 CFR 950.104(b)(17).	We recommend that OCFCO work with the LFCC to ensure that it understands its responsibilities as related to 5 CFR 950.104(b)(17) and ensure that it properly authorizes the PCFO's reimbursement of campaign expenses for future campaigns.	OPM's CFC Office is reviewing the finding.	OPM's Office of CFC Operations has been working with the Campaign to resolve this recommendation. As of March 31, 2010, this recommendation remains unresolved.  <b><u>Est. Time Frame For Implementation:</u></b> <b>Long-Term</b>	N/A	The CFC is charged for expenses that are legitimate and approved in accordance with 950.104(b)(17).
6	<u>CFC Expenses Not Reconcilable to the Approved Budget</u> The PCFO was reimbursed for 2006 CFC expenses from six accounts not included or reconcilable to its budget submitted and approved by the LFCC.	We recommend that the PCFO include all accounts that could reasonably charge costs to the CFC in the budget submitted to the LFCC to ensure that it is reconcilable to the format that is contained in its general ledger.	OPM's CFC Office is reviewing the finding.	OPM's Office of CFC Operations has been working with the Campaign to resolve this recommendation. As of March 31, 2010, this recommendation remains unresolved.  <b><u>Est. Time Frame For Implementation:</u></b> <b>Long-Term</b>	N/A	Expenses correctly charged to the campaign.
7	<u>CFC Funds Maintained Incorrectly</u> The PCFO did not maintain CFC accounts separate from the PCFO's corporate accounts, and CFC funds were not maintained in an interest bearing account, as required by 5 CFR 950.105(d)(8).	We recommend that the OCFCO and the LFCC ensure that the PCFO has ceased the practice of disbursing CFC funds from its corporate account and set up a CFC only checking account to disburse monies to participating organizations.	OPM's CFC Office is reviewing the finding.	OPM's Office of CFC Operations has been working with the Campaign to resolve this recommendation. As of March 31, 2010, this recommendation remains unresolved.  <b><u>Est. Time Frame For Implementation:</u></b> <b>Long-Term</b>	N/A	CFC funds are properly handled as required by 5 CFR 950.105(d)(8).
8	<u>CFC Funds Maintained Incorrectly</u> (see number 7 above for description)	We recommend that the OCFCO and LFCC ensure that the PCFO has moved CFC funds to an interest-bearing bank account for CFC funds, as required by 5 CFR 950.105(d)(8).	OPM's CFC Office is reviewing the finding.	OPM's Office of CFC Operations has been working with the Campaign to resolve this recommendation. As of March 31, 2010, this recommendation remains unresolved.  <b><u>Est. Time Frame For Implementation:</u></b> <b>Long-Term</b>	N/A	CFC funds are properly handled as required by 5 CFR 950.105(d)(8).

9	<p><u>Incomplete Donor Lists</u> The PCFO did not provide all federations with donor lists that indicated which member organization was to receive the donor information.</p>	<p>We recommend that the OCFCO and LFCC ensure that the PCFO indicates the member organization designated by the donor to receive their personal information be included in the donor list sent to the federation.</p>	<p>OPM's CFC Office is reviewing the finding.</p>	<p>OPM's Office of CFC Operations has been working with the Campaign to resolve this recommendation. As of March 31, 2010, this recommendation remains unresolved.</p> <p><b><u>Est. Time Frame For Implementation:</u></b> <b>Long-Term</b></p>	<p>N/A</p>	<p>Federation member agencies receive donor information in accordance with the donors' wishes.</p>
10	<p><u>Local Eligibility Solicitation Process Documentation Not Maintained</u> The LFCC did not maintain documentation to support that it accepted applications from local charities for eligibility in the 2006 campaign for 30 calendar days as required by 5 CFR 950.801(5).</p>	<p>We recommend that the OCFCO ensure that the LFCC maintains all documentation pertinent to the campaign, such as information related to the period applications are accepted from local charities wishing to participate in the CFC.</p>	<p>OPM's CFC Office is reviewing the finding.</p>	<p>OPM's Office of CFC Operations has been working with the Campaign to resolve this recommendation. As of March 31, 2010, this recommendation remains unresolved.</p> <p><b><u>Est. Time Frame For Implementation:</u></b> <b>Long-Term</b></p>	<p>N/A</p>	<p>Solicitation of local agency applications are in accordance with 5 CFR 950.801(5) and campaign activities are conducted efficiently.</p>

U.S. Office of Personnel Management  
Office of the Inspector General  
Congressional Request  
Reports with Unimplemented Audit Recommendations

---

Most Important Open and  
Unimplemented  
Recommendations

**U.S. Office of Personnel Management  
Office of the Inspector General  
Congressional Request  
Most Important Open Recommendations**

The following are what we consider to be our three most important open and unimplemented recommendations.

1. By reducing improper health benefit claim payments related to the coordination of benefits (COB) with Medicare, we estimate that the Federal Employees Health Benefit Program will save at least \$10 million annually on just the BlueCross BlueShield (BCBS) contract alone. Improper COB has been an ongoing problem within the FEHBP, particularly for the BCBS contract, for more than 10 years. To highlight the impact of this problem, starting in FY 2003 we began to complete targeted COB audits on all BCBS local plans. Audit results indicate that overpayments averaged \$10 million annually. Since the implementation of these targeted audits (Global BCBS COB audits), OPM contracting officials and OIG staff have been working with BCBS officials to improve claim payment processing controls to address this on-going issue. This effort, along with our annual COB reviews, has finally shown some decrease in the improper payment rate and a significant increase in the recover rate of the overpayments. However, more work in this area is necessary. We continue to strengthen our automated claims analyses to identify additional COB-related payment errors.

Currently, OPM's contracting officials are working with BCBS to recover \$16.2 million in outstanding overpayments (open recommendations) from nine different BCBS COB audits – listed below. For the older reports, OPM contracting officials are working with OPM's Office of General Counsel to consider litigation options.

- a) 1A-10-00-03-013, issued March 31, 2004, \$970,034 in overpayments;
- b) 1A-10-29-02-047, issued July 28, 2004, \$968,008 in overpayments;
- c) 1A-10-00-03-102, issued November 9, 2004, \$8,380,281 in overpayments  
(OPM's Office of the General Counsel has been involved in resolving this report);
- d) 1A-10-85-04-007, issued July 27, 2005, \$619,025 in overpayments;
- e) 1A-99-00-05-023, issued March 29, 2007, \$1,304,424 in overpayments;
- f) 1A-99-00-06-001, issued March 20, 2008, \$937,086 in overpayments;
- g) 1A-99-00-08-007, issued June 25, 2008, \$596,636 in overpayments;
- h) 1A-99-00-08-009, issued August 11, 2008, \$790,534 in overpayments; and
- i) 1A-99-00-09-011, issued July 20, 2009, \$1,585,027 in overpayments.

In addition, OPM's contracting officials are working with another FEHBP contractor, Group Health Incorporated, to resolve open recommendations totaling \$3,772,057 (Report # 1D-80-00-04-058, issued June 20, 2005) for not properly coordinating health benefit claims with Medicare. While a significant portion of this finding may be uncollectible, GHI officials have yet to provide adequate documentation to support that they made a good faith attempt to collect the overpayments and to implement corrective action to prevent future improper payments of this type.



2. On May 27, 2009, we issued a "Flash Audit Alert" (Report # 4A-CI-00-09-053) alerting OPM's Director of several serious concerns that we had with OPM's information technology (IT) security program. First, OPM's IT security policies and procedures are severely out of date. We have highlighted this concern in our past three OIG Federal Information Security Management Act audit reports. Secondly, OPM's IT security program is understaffed, and the agency has operated without a permanent IT security officer for what is now approaching two years. During this period, there have been four acting IT security officers.

Without current IT security policies and procedures, as well as a dedicated and experienced IT security officer and support staff, OPM's IT security program will become ineffective, thereby compromising the confidentiality, integrity, and/or availability of information being processed, stored, or transmitted by OPM's major applications and systems. OPM needs strong information security governance so that it can implement appropriate and cost-effective information security controls and manage evolving information security risks.

OPM management agrees with our concerns, has recognized this as a material weakness, and has taken some initial steps to improve OPM's overall IT security management. The first step was to hire a new Chief Information Officer. Secondly, they are actively recruiting for a qualified IT security officer. However, continued commitment from OPM's senior leadership will be required to resolve our concerns.

3. Agency officials are working with the FEHBP contractor, BlueCross BlueShield of Florida, to resolve open recommendations totaling \$3,021,705 for unreasonable state income tax charges due to an excessive cost allocation rate.

For contract years 1999 through 2001, we questioned \$1,126,888, including lost investment income, for these improper charges (Report # 1A-10-41-03-031, issued May 3, 2004). The issue remained for our audit of contract years 2002 through 2005. For this period, we questioned an additional \$1,894,817, including lost investment income, for the improper charges (Report # 1A-10-41-06-054, issued October 12, 2007). We are currently conducting an audit of BlueCross BlueShield of Florida covering contract years 2006 through 2009. We have concluded that the carrier continues to overcharge the FEHBP for state income taxes. Since the audit is in the fieldwork stage, a final determination of the overcharge amount has not been made.

We anticipate a resolution to this issue in the near future. We are currently in the process of reviewing a proposed resolution to this issue in conjunction with our ongoing audit of BlueCross BlueShield of Florida.





UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

Office of the  
Inspector General

November 10, 2011

The Honorable Charles E. Grassley  
Ranking Member Committee on the Judiciary  
SD-224 Dirksen Senate Office Building  
Washington, DC 20510-6200

The Honorable Thomas A. Coburn  
Ranking Member Permanent Subcommittee on Investigations  
Homeland Security and Governmental Affairs Committee  
SD-340 Dirksen Senate Office Building  
Washington, DC 20510

Dear Senators Grassley and Coburn:

Reference is made to your letter dated April 8, 2010, requesting information on our oversight activities, specifically our closed investigations, evaluations, and audits which have not been disclosed to the public. As I indicated in my June 30, 2010 response to you, we are providing the requested material on April 30<sup>th</sup> and October 31<sup>st</sup> of each year to coincide with our semiannual reports to Congress. We have contacted your staff to alert them that our report would be delayed and would be sent as soon as possible.

We have enclosed a spreadsheet of those investigations that have not been disclosed to the public covering the period April 1, 2011 and September 30, 2011. We have reported upon all of our audits in our Semiannual Reports to Congress, to the extent and manner required by the Inspector General Act of 1978, as amended. In addition, we have not issued evaluation reports during this same time frame.

If you have any questions, please feel free to contact me, at 202-606-1200, or someone from your staff my contact Deputy Inspector General Norbert E. Vint at 202-606-1200.

Sincerely,

A handwritten signature in black ink, reading "Patrick E. McFarland", is positioned above the printed name.

Patrick E. McFarland  
Inspector General

Enclosure





UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

Office of the  
Inspector General

October 27, 2010

The Honorable Charles E. Grassley  
Ranking Member  
Committee on Finance  
SD-219 Dirksen Senate Office Building  
Washington, DC 20510-6200

The Honorable Thomas A. Coburn  
Ranking Member  
Permanent Subcommittee on Investigations  
Homeland Security and Governmental Affairs Committee  
SD-340 Dirksen Senate Office Building  
Washington, DC 20510

Dear Senators Grassley and Coburn:

Reference is made to your letter dated, April 8, 2010, requesting information on our oversight activities, specifically our closed investigations, evaluations, and audits which have not been disclosed to the public. As I indicated in my June 30, 2010 response to you, we are providing the requested material on April 30<sup>th</sup> and October 31<sup>st</sup> of each year to coincide with our semiannual reports to Congress.

We have enclosed a spreadsheet of those investigations that have not been disclosed to the public covering the period April 1, 2010 through September 30, 2010. We have reported upon all of our audits in our Semiannual Reports to Congress, to the extent and manner required by the Inspector General Act of 1978, as amended. In addition, we have not issued evaluation reports during this same time frame.

If you have any questions, please feel free to contact me, at 202-606-1200, or someone from your staff may contact Deputy Inspector General Norbert E. Vint, at 202-606-1200.

Sincerely,

Enclosure

A handwritten signature in black ink, reading "Patrick E. McFarland", is positioned above the printed name.

Patrick E. McFarland  
Inspector General

**Office of the Inspector General, U.S. Office of Personnel Management**  
**Closed Investigations Disposition Summary**  
April 1, 2010 to September 30, 2010

1	I 2008 00107	4/20/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Conviction with Monetary Recovery to OPM.	\$ 19,218.76
2	I 2007 00003	4/22/2010	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
3	I 2009 00086	4/22/2010	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
4	I 2007 00112	4/26/2010	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
5	I 2008 00063	4/26/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 256,940.00
6	IA 2010 00003	5/3/2010	Employee/Contractor Misconduct	Unprofessional Conduct	Administrative Action. Employee Terminated.	\$ -
7	I 2006 00072	5/6/2010	Health Care Fraud	Health Care Provider/False Insurance Claims & False Statement, Defendants #1 and #2. Beneficiary/Pharmaceutical Diversion, Defendants #3, #4 and #5.	Criminal Conviction of Five Defendants with Monetary Recovery to OPM, HHS and DOL.	\$ 528,714.17
8	I 2003 00082	5/10/2010	Health Care Fraud	Health Care Facility/False Insurance Claims	Unsubstantiated	\$ -
9	I 2006 00014	5/10/2010	Health Care Fraud	Health Care Provider and Facility/False Insurance Claims	Criminal and Civil Conviction of Two Defendants with Monetary Recovery to OPM, HHS and Medicaid.	\$ 50,358.96
10	I 2006 00099	5/10/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	DOJ Declined to Prosecute.	\$ -
11	I 2009 00032	5/10/2010	Retirement Fraud	Post-Death Annuity Theft	Pre-Trial Diversion with Monetary Recovery to OPM.	\$ 212,331.46
12	I 2009 00096	5/10/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 78,428.96
13	I 2009 00078	5/12/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 154,691.00
14	IA 2010 00006	5/12/2010	Employee/Contractor Misconduct	Possession of Confidential Information	OIG Declined to Investigate. Referred to the OPM Program Office.	\$ -
15	I 2008 00094	5/13/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 184,195.81
16	IA 2010 00004	5/14/2010	Employee/Contractor Misconduct	Selling of an Illegal Substance	Unsubstantiated	\$ -
17	I 2005 00096	5/17/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Conviction of Two Defendants with Monetary Recovery to OPM. Defendants #3 and #4 - DOJ Declined.	\$ 23,669.86
18	I 2007 00064	5/17/2010	Health Care Fraud	Document Falsification	DOJ Declined to Prosecute.	\$ -
19	I 2008 00085	5/17/2010	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
20	I 2009 00056	5/17/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 114,245.84
21	I 2010 00023	5/17/2010	Health Care Fraud	Health Care Facility/False Insurance Claims	DOJ Declined to Prosecute.	\$ -
22	IA 2010 00001	5/19/2010	Employee/Contractor Misconduct	Hiring Violation	DOJ Declined to Prosecute. Employee Retired.	\$ -
23	I 2006 00076	5/20/2010	Health Care Fraud	Document Falsification	DOJ Declined to Prosecute.	\$ -
24	I 2005 00063	5/25/2010	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
25	I 2006 00113	5/25/2010	Retirement Fraud	Post-Death Annuity Recovery	Post-Death Annuity Monetary Recovery to OPM.	\$ 224,532.45
26	I 2006 00131	5/25/2010	Retirement Fraud	Post-Death Annuity Theft	Post-Death Annuity Monetary Recovery to OPM.	\$ 41,715.92
27	I 2009 00058	5/25/2010	Employee/Contractor Misconduct	Falsification of Work Product	Criminal Conviction with Monetary Recovery to OPM. Employee Resigned.	\$ 61,405.32
28	I 2003 00008	5/26/2010	Employee/Contractor Misconduct	Falsification of Work Product	Unsubstantiated	\$ -
29	I 2004 00079	5/26/2010	Retirement Fraud	Document Falsification	Unsubstantiated	\$ -

**Office of the Inspector General, U.S. Office of Personnel Management**  
**Closed Investigations Disposition Summary**  
April 1, 2010 to September 30, 2010

30	I 2005 00163	5/26/2010	Health Care Fraud	Beneficiary/Pharmaceutical Diversion	DOJ Declined to Prosecute.	\$ -
31	I 2006 00069	5/26/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Unsubstantiated	\$ -
32	I 2008 00061	5/26/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Conviction with No Monetary Recovery to OPM.	\$ -
33	IA 2009 00006	6/2/2010	Employee/Contractor Misconduct	Hiring Retaliation	Unsubstantiated	\$ -
34	I 2009 00076	6/11/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Conviction with Monetary Recovery to OPM.	\$ 80,271.03
35	I 2010 00030	6/11/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM and SSA.	\$ 4,961.64
36	I 2007 00117	6/16/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 60,153.31
37	I 2009 00023	6/16/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 119,243.00
38	I 2009 00041	6/16/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	DOJ Declined to Prosecute.	\$ -
39	I 2010 00003	6/16/2010	Health Care Fraud	Health Care Provider/Pharmaceutical Diversion	Unsubstantiated	\$ -
40	I 2010 00020	6/16/2010	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	Criminal and Civil Conviction with Monetary Recovery to OPM, HHS, Medicaid, TRICARE, FDA and VA.	\$ 2,354,931.54
41	I 2006 00042	6/22/2010	Retirement Fraud	Post-Death Annuity Theft	Civil Judgment of Two Defendants with Monetary Recovery to OPM.	\$ 55,494.00
42	I 2008 00030	6/23/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 240,899.94
43	I 2008 00137	6/25/2010	Health Care Fraud	Health Care Provider/Pharmaceutical Diversion	DOJ Declined to Prosecute.	\$ -
44	I 2009 00084	6/25/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Conviction with Monetary Recovery to OPM.	\$ 22,386.72
45	I 2009 00099	6/25/2010	Employee/Contractor Misconduct	Identity Theft	Unsubstantiated	\$ -
46	I 2009 00082	6/30/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 91,704.34
47	I 2009 00057	7/2/2010	Employee/Contractor Misconduct	Falsification of Work Product	Criminal Conviction with Monetary Recovery to OPM. Employee Terminated.	\$ 69,611.12
48	I 2009 00070	7/7/2010	Employee/Contractor Misconduct	Policy Violation	DOJ Declined to Prosecute.	\$ -
49	I 2006 00124	7/8/2010	Employee/Contractor Misconduct	Post-Employment Violation	DOJ Declined to Prosecute.	\$ -
50	I 2009 00054	7/8/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 157,369.34
51	I 2009 00055	7/8/2010	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined - Voluntary Payment Agreement Obtained.	\$ 83,513.41
52	I 2009 00097	7/19/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 91,778.66
53	I 2010 00037	7/19/2010	Retirement Fraud	Post-Death Annuity Theft	Suspect Died.	\$ -
54	I 2010 00066	7/19/2010	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
55	I 2009 00127	7/20/2010	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	Civil Settlement with Monetary Recovery to OPM, HHS, Medicaid and TRICARE.	\$ 485,000.00
56	I 2007 00020	7/22/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Settlement with Monetary Recovery to OPM and HHS.	\$ 15,987.14
57	I 2009 00005	7/27/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 105,670.92
58	I 2009 00019	7/27/2010	Retirement Fraud	Post-Death Annuity Theft	DOJ Dropped Charges and OPM Notified to Initiate Administrative Collection Action.	\$ -

**Office of the Inspector General, U.S. Office of Personnel Management**  
**Closed Investigations Disposition Summary**  
April 1, 2010 to September 30, 2010

59	I 2009 00118	7/27/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM, VA and SSA.	\$ 4,366.32
60	I 2005 00138	7/28/2010	Health Care Fraud	Beneficiary/False Insurance Claims	Criminal Conviction with Monetary Recovery to OPM. Employee Terminated.	\$ 68,305.00
61	I 2008 00027	7/28/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 278,003.32
62	I 2008 00090	7/28/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 58,606.76
63	I 2005 00153	7/29/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Pre-Trial Diversion and Civil Settlement with Monetary Recovery to OPM, HHS, DOL, Medicaid (MA) and the Commonwealth of Massachusetts.	\$ 24,131.38
64	I 2008 00104	8/2/2010	Health Care Fraud	Document Falsification	Unsubstantiated	\$ -
65	I 2009 00102	8/2/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Settlement with Monetary Recovery to OPM, HHS and TRICARE.	\$ 545,183.41
66	I 2009 00022	8/5/2010	Health Care Fraud	Beneficiary/Pharmaceutical Diversion	Unsubstantiated	\$ -
67	I 2008 00035	8/6/2010	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	Civil Settlement with Monetary Recovery to OPM, HHS, Medicaid, TRICARE, VA and BOP.	\$ 4,749,249.01
68	I 2010 00043	8/6/2010	Health Care Fraud	Health Care Facility/False Insurance Claims	Civil Settlement with Monetary Recovery to OPM, HHS, Medicaid and TRICARE.	\$ 11,823.62
69	IA 2010 00005	8/12/2010	Special Investigation	Threat to OPM Employee	Unsubstantiated	\$ -
70	I 2008 00106	8/31/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 42,110.12
71	I 2010 00098	9/3/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 23,085.40
72	I 2005 00150	9/15/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Unsubstantiated	\$ -
73	I 2006 00024	9/15/2010	Health Care Fraud	Health Care Facility/False Insurance Claims	Criminal Conviction of Two Defendants with No Monetary Recovery to OPM. Defendant #3 - DOJ Declined to Prosecute.	\$ -
74	I 2009 00110	9/15/2010	Employee/Contractor Misconduct	Falsification of Work Product	Criminal Conviction with Monetary Recovery to OPM. Employee Resigned.	\$ 68,461.20
75	I 2010 00086	9/15/2010	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
76	I 2008 00101	9/21/2010	Retirement Fraud	Post-Death Annuity Theft	Pre-Trial Diversion with No Monetary Recovery to OPM.	\$ -
77	I 2009 00089	9/21/2010	Retirement Fraud	Post-Death Annuity Theft	Pre-Trial Diversion with Monetary Recovery to OPM.	\$ 79,379.00
78	I 2010 00100	9/21/2010	Employee/Contractor Misconduct	Possession of a Weapon on School Grounds	Criminal Conviction with No Monetary Recovery to OPM.	\$ -
79	I 2003 00010	9/30/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Conviction with Monetary Recovery to OPM.	\$ 479,883.60
80	I 2005 00130	9/30/2010	Health Care Fraud	Importation of Unapproved Drugs	Criminal Conviction of Three Defendants and One Civil Settlement with No Monetary Recovery to OPM.	\$ -
81	I 2006 00025	9/30/2010	Health Care Fraud	Health Care Facility/False Insurance Claims	DOJ Declined to Prosecute.	\$ -
82	I 2006 00026	9/30/2010	Health Care Fraud	Health Care Facility/False Insurance Claims	DOJ Declined to Prosecute.	\$ -
83	I 2007 00014	9/30/2010	Health Care Fraud	Health Care Facility/False Insurance Claims	Criminal Conviction of Two Defendants with No Monetary Recovery to OPM. Defendant #3 Fled the Country.	\$ -
84	I 2008 00041	9/30/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 51,400.00
85	I 2008 00069	9/30/2010	Health Care Fraud	Laundrying Health Care Proceeds	Criminal Convictions of Six Defendants with No Monetary Recovery to OPM.	\$ -



**Office of the Inspector General, U.S. Office of Personnel Management**  
**Closed Investigations Disposition Summary**  
April 1, 2010 to September 30, 2010

86	I 2009 00043	9/30/2010	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
87	I 2009 00081	9/30/2010	Retirement Fraud	Post-Death Annuity Theft	DOJ Declined to Prosecute.	\$ -
88	I 2009 00125	9/30/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Conviction with Monetary Recovery to OPM.	\$ 62,122.85
89	I 2009 00133	9/30/2010	Employee/Contractor Misconduct	Inappropriate Use of Identification to Gain Access to a Military Installation	DOJ and Military Court Declined to Prosecute Former Employee.	\$ -
<b>Total:</b>						<b>\$ 12,535,535.61</b>





UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

Office of the  
Inspector General

April 28, 2011

The Honorable Charles E. Grassley  
Ranking Member Committee on the Judiciary  
SD-224 Dirksen Senate Office Building  
Washington, DC 20510-6200

The Honorable Thomas A. Coburn  
Ranking Member Permanent Subcommittee on Investigations  
Homeland Security and Governmental Affairs Committee  
SD-340 Dirksen Senate Office Building  
Washington, DC 20510

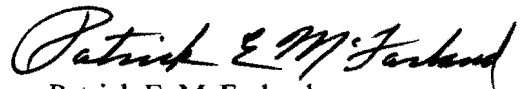
Dear Senators Grassley and Coburn:

Reference is made to your letter dated April 8, 2010, requesting information on our oversight activities, specifically our closed investigations, evaluations, and audits which have not been disclosed to the public. As I indicated in my June 30, 2010 response to you, we are providing the requested material on April 30<sup>th</sup> and October 31<sup>st</sup> of each year to coincide with our semiannual reports to Congress.

We have enclosed a spreadsheet of those investigations that have not been disclosed to the public covering the period October 1, 2010 through March 31, 2011. We have reported upon all of our audits in our Semiannual Reports to Congress, to the extent and manner required by the Inspector General Act of 1978, as amended. In addition, we have not issued evaluation reports during this same time frame.

If you have any questions, please feel free to contact me, at 202-606-1200, or someone from your staff may contact Deputy Inspector General Norbert E. Vint, at 202-606-1200.

Sincerely,

  
Patrick E. McFarland  
Inspector General

Enclosure

**OPM-OIG Office of Investigations**  
**Closed Investigation Disposition Summary**  
October 1, 2010 to March 31, 2011

1	I 2009 00079	10/17/2010	Retirement Fraud	Identify Theft	Criminal Action	\$ -
2	I 2007 00105	10/20/2010	Retirement Fraud	Post-Death Annuity Theft	Prosecution Declined	\$ -
3	I 2009 00004	10/20/2010	Retirement Fraud	Post-Death Annuity Theft	Prosecution Declined	\$ -
4	I 2010 00105	10/20/2010	Employee/Contractor Misconduct	Fabrication of Work Product	Administrative Action	\$ -
5	I 2005 00173	10/22/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$ -
6	I 2005 00175	10/22/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$ -
7	I 2007 00042	10/22/2010	Health Care Fraud	Health Care Provider/Obstruction of Justice	Criminal Action	\$ -
8	I 2008 00055	10/22/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Action	\$ 89,624.91
9	I 2009 00100	10/22/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 127,973.52
10	I 2009 00101	10/22/2010	Health Care Fraud	Beneficiary/False Insurance Claims	Criminal Action	\$ -
11	I 2010 00008	10/26/2010	Retirement Fraud	Post-Death Annuity Theft	Prosecution Declined	\$ -
12	IA 2010 00007	10/29/2010	OPM Program Issue	Unprofessional Conduct	Administrative Action	\$ -
13	I 2010 00096	10/30/2010	Health Care Fraud	Beneficiary/Pharmaceutical Diversion	Criminal Action	\$ -
14	I 2009 00132	11/2/2010	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	Criminal and Civil Actions	\$ 4,373,801.80
15	I 2008 00043	11/4/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 39,408.15
16	I 2006 00087	11/5/2010	Health Care Fraud	Beneficiary/False Insurance Claims	Criminal Action	\$ 66,899.00
17	I 2009 00016	11/5/2010	Retirement Fraud	Post-Death Annuity Theft	Prosecution Declined	\$ -
18	I 2009 00115	11/5/2010	Retirement Fraud	Post-Death Annuity Theft	Administrative Action	\$ 54,406.07
19	I 2007 00060	11/15/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Insufficient Resources to Investigate	\$ -
20	I 2008 00014	11/15/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Insufficient Resources to Investigate	\$ -
21	I 2008 00049	11/15/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$ -
22	I 2008 00072	11/15/2010	Retirement Fraud	Post-Death Annuity Theft	Prosecution Declined	\$ -
23	I 2008 00084	11/15/2010	Retirement Fraud	Post-Death Annuity Theft	Prosecution Declined	\$ -
24	I 2008 00118	11/15/2010	Retirement Fraud	Post-Death Annuity Theft	Insufficient Resources to Investigate	\$ -
25	I 2009 00059	11/15/2010	Employee/Contractor Misconduct	Fabrication of Work Product	Prosecution Declined	\$ -
26	I 2006 00045	11/16/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$ 649,308.56
27	I 2008 00089	11/16/2010	Health Care Fraud	Beneficiary/False Insurance Claims	Criminal Action	\$ 199,028.00
28	I 2009 00039	11/16/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Insufficient Resources to Investigate	\$ -
29	I 2009 00131	11/16/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Investigation Continued by Other Agency	\$ -
30	I 2008 00046	11/17/2010	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	Prosecution Declined	\$ -
31	I 2008 00129	11/17/2010	Retirement Fraud	Post-Death Annuity Theft	Civil Action	\$ 67,716.00
32	I 2009 00014	11/17/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Action	\$ 86,155.00
33	I 2009 00027	11/17/2010	Retirement Fraud	Post-Death Annuity Theft	Charges Dismissed	\$ -
34	I 2009 00049	11/17/2010	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	Civil Action	\$ 1,960,036.92
35	I 2009 00098	11/17/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 16,179.61
36	I 2010 00049	11/17/2010	Health Care Fraud	Health Care Provider/Pharmaceutical Diversion	Criminal Action	\$ 3,544.61
37	I 2008 00140	11/19/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$ 19,096.00
38	I 2009 00090	11/24/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$ -
39	I 2007 00077	11/26/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$ 184,229.95
40	I 2007 00097	12/7/2010	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	Criminal and Civil Actions	\$ 4,888,618.61
41	I 2010 00019	12/7/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 54,025.13
42	I 2010 00089	12/7/2010	Retirement Fraud	Post-Death Annuity Theft	Statute of Limitations	\$ -
43	I 2010 00002	12/8/2010	Retirement Fraud	Post-Death Annuity Theft	Administrative Action	\$ -
44	I 2010 00013	12/8/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Prosecution Declined	\$ -

**OPM-OIG Office of Investigations**  
**Closed Investigation Disposition Summary**  
October 1, 2010 to March 31, 2011

45	I 2010 00073	12/8/2010	Retirement Fraud	Post-Death Annuity Theft	Statute of Limitations	\$ -
46	IA 2009 00005	12/8/2010	Employee/Contractor Misconduct	Document Falsification	Administrative Action	\$ -
47	I 2008 00108	12/9/2010	Health Care Fraud	Health Care Facility/False Insurance Claims	Criminal Action	\$ 27,645.00
48	I 2005 00111	12/14/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal and Civil Actions	\$ -
49	I 2009 00033	12/14/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 25,506.00
50	I 2005 00156	12/27/2010	Health Care Fraud	Health Care Provider/False Insurance Claims	Prosecution Declined	\$ -
51	I 2008 00082	12/27/2010	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 235,928.36
52	I 2010 00065	1/4/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 43,596.97
53	I 2008 00130	1/6/2011	Health Care Fraud	Health Care Facility/False Insurance Claims	Insufficient Resources to Investigate	\$ -
54	I 2009 00012	1/6/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Prosecution Declined	\$ -
55	I 2007 00113	1/10/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 23,378.90
56	I 2010 00021	1/12/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 175,881.98
57	I 2010 00063	1/12/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 452,635.50
58	I 2010 00071	1/12/2011	Health Care Fraud	Health Care Facility/False Insurance Claims	Civil Action	\$ -
59	I 2011 00003	1/12/2011	Retirement Fraud	Post-Death Annuity Theft	Prosecution Declined	\$ -
60	I 2008 00132	1/13/2011	Retirement Fraud	Post-Death Annuity Theft	Administrative Action	\$ -
61	I 2010 00061	1/13/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 59,620.65
62	I 2008 00031	1/21/2011	Retirement Fraud	Post-Death Annuity Theft	Subject Deceased	\$ -
63	I 2008 00139	1/26/2011	Retirement Fraud	Post-Death Annuity Theft	Prosecution Declined	\$ -
64	I 2009 00003	1/26/2011	Retirement Fraud	Post-Death Annuity Theft	Prosecution Declined	\$ -
65	I 2009 00017	1/26/2011	Retirement Fraud	Post-Death Annuity Theft	Prosecution Declined	\$ -
66	I 2010 00031	1/27/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 95,626.13
67	I 2005 00131	1/28/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$ -
68	I 2006 00141	1/28/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Insufficient Resources to Investigate	\$ -
69	I 2009 00028	1/28/2011	Retirement Fraud	Post-Death Annuity Theft	Prosecution Declined	\$ -
70	I 2009 00122	1/28/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$ -
71	I 2009 00120	2/2/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Subject Could Not be Located	\$ -
72	I 2009 00121	2/2/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$ -
73	I 2010 00048	2/2/2011	Health Care Fraud	Health Care Facility/Pharmaceutical Diversion	Civil Action	\$ 32,589.09
74	I 2010 00068	2/2/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$ 27.00
75	I 2008 00032	2/3/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 162,289.53
76	I 2009 00114	2/3/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$ -
77	I 2009 00116	2/3/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Subject Could Not be Located	\$ -
78	I 2010 00018	2/3/2011	Health Care Fraud	Beneficiary/Pharmaceutical Diversion	Criminal Action	\$ 86,876.13
79	I 2009 00051	2/4/2011	Health Care Fraud	Health Care Facility/False Insurance Claims	Charges Dismissed	\$ -
80	I 2009 00126	2/4/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 427,754.64
81	I 2008 00097	2/8/2011	Retirement Fraud	Post-Death Annuity Theft	Prosecution Declined	\$ -
82	I 2005 00061	2/10/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal and Civil Actions	\$ 89,546.98
83	I 2008 00126	2/10/2011	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	Civil Action	\$ 4,897,867.25
84	I 2010 00001	2/11/2011	Health Care Fraud	Health Care Facility/False Insurance Claims	Civil Action	\$ 435,567.00
85	I 2010 00039	2/12/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 180,538.53
86	I 2010 00054	2/12/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 34,987.50
87	I 2010 00070	2/16/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 105,262.42
88	I 2011 00007	2/16/2011	Health Care Fraud	Health Care Facility/False Insurance Claims	Civil Action	\$ 128,331.00

**OPM-OIG Office of Investigations**  
**Closed Investigation Disposition Summary**  
October 1, 2010 to March 31, 2011

89	I 2010 00009	2/17/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 93,379.63
90	I 2007 00071	3/1/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 30,931.69
91	I 2009 00117	3/6/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Subject Could Not be Located	\$ -
92	I 2009 00130	3/6/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Investigation Continued by Other Agency	\$ -
93	I 2010 00042	3/14/2011	Health Care Fraud	Health Care Provider/Pharmaceutical Diversion	Investigation Continued by Other Agency	\$ -
94	I 2005 00093	3/15/2011	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	Criminal and Civil Actions	\$ 1,501,180.81
95	I 2009 00053	3/15/2011	Retirement Fraud	Post-Death Annuity Theft	Prosecution Declined	\$ -
96	I 2010 00004	3/15/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 334,568.21
97	I 2010 00046	3/15/2011	Retirement Fraud	Post-Death Annuity Theft	Prosecution Declined	\$ -
98	I 2004 00074	3/30/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal and Civil Actions	\$ 9,036.52
99	I 2007 00116	3/30/2011	Retirement Fraud	Post-Death Annuity Theft	Civil Action	\$ 16,975.00
100	I 2008 00112	3/30/2011	Health Care Fraud	Beneficiary/False Insurance Claims	Criminal Action	\$ 246,115.19
						<b>\$ 22,833,695.45</b>



**OPM-OIG Office of Investigations**  
**Closed Investigation Disposition Summary**  
April 1, 2011 to September 30, 2011

Count	OIG Case Number	Date Investigation Closed	Case Category	Allegation Category	Disposition Summary	Recovery to OPM
1	I 2005 00170	4/5/2011	Health Care Fraud	Health Care Provider/Pharmaceutical Diversion	Criminal Action	\$ -
2	I 2006 00148	4/5/2011	Health Care Fraud	Beneficiary/False Insurance Claims	Criminal Action	\$ -
3	I 2008 00133	4/5/2011	Health Care Fraud	Beneficiary/Pharmaceutical Diversion	Criminal Action	\$ -
4	I 2010 00109	4/5/2011	Retirement Fraud	Post-Death Annuity Theft	Civil Action	\$ 111,817.71
5	I 2009 00106	4/6/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 1,137.89
6	I 2010 00045	4/8/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 292,865.30
7	I 2008 00066	4/18/2011	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	Prosecution Declined	\$ -
8	I 2007 00073	4/19/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 70,935.42
9	I 2009 00031	4/20/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Charges Dismissed	\$ -
10	I 2009 00088	4/20/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$ 973,623.90
11	I 2010 00006	4/20/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Action	\$ 19,400.00
12	I 2010 00010	4/20/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Subject Fled the United States	\$ -
13	I 2010 00055	4/20/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 59,549.78
14	I 2011 00009	4/20/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 40,524.42
15	I 2008 00136	4/21/2011	Health Care Fraud	Beneficiary/Pharmaceutical Diversion	Criminal Action	\$ 69,146.40
16	I 2009 00107	4/21/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Investigation Continued by Other Agency	\$ -
17	I 2009 00108	4/21/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Investigation Continued by Other Agency	\$ -
18	I 2010 00058	5/2/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 126,764.00
19	I 2007 00079	5/6/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$ 9,305.22
20	I 2010 00077	5/6/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 89,856.00
21	I 2004 00026	5/9/2011	Health Care Fraud	Document Falsification	Investigation Continued by Other Agency	\$ -
22	I 2007 00074	5/9/2011	Retirement Fraud	Post-Death Annuity Theft	Statute of Limitations	\$ -
23	I 2010 00081	5/11/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 40,399.00
24	I 2010 00087	5/11/2011	Retirement Fraud	Post-Death Annuity Theft	Statute of Limitations	\$ -
25	I 2010 00015	5/13/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 64,870.89
26	I 2011 00002	5/24/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 116,926.00
27	IA 2011 00006	5/24/2011	Employee/Contractor Misconduct	Employee Misconduct	Allegation Not Substantiated	\$ -
28	I 2009 00124	5/25/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 281,820.25
29	I 2009 00046	6/2/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 36,164.47
30	I 2011 00044	6/2/2011	Retirement Fraud	Post-Death Annuity Theft	Civil Action	\$ 136,645.00
31	I 2010 00076	6/3/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Investigation Continued by Other Agency	\$ -
32	I 2011 00045	6/3/2011	Retirement Fraud	Post-Death Annuity Theft	Civil Action	\$ 5,000.00
33	I 2011 00047	6/3/2011	Retirement Fraud	Post-Death Annuity Theft	Civil Action	\$ 134,000.00
34	IA 2010 00010	6/10/2011	Employee/Contractor Misconduct	Extortion	Management Advisory Issued	\$ -
35	I 2008 00093	6/13/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$ 186,738.00
36	I 2010 00060	6/13/2011	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	Civil Action	\$ 800,250.00



**OPM-OIG Office of Investigations**  
**Closed Investigation Disposition Summary**  
April 1, 2011 to September 30, 2011

Count	OIG Case Number	Date Investigation Closed	Case Category	Allegation Category	Disposition Summary	Recovery to OPM
37	I 2010 00101	6/24/2011	Retirement Fraud	Post-Death Annuity Theft	Subject Deceased	\$ -
38	I 2010 00007	6/26/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 162,127.84
39	I 2006 00047	6/30/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$ 51,267.88
40	I 2009 00030	6/30/2011	Health Care Fraud	Drug Manufacturer/Pharmaceutical Diversion	Investigation Continued by Other Agency	\$ -
41	I 2010 00082	7/7/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 335,882.45
42	I 2005 00109	7/8/2011	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	Criminal and Civil Actions	\$ 6,017,440.13
43	I 2010 00044	7/8/2011	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	Criminal and Civil Actions	\$ 1,701,113.27
44	I 2010 00056	7/8/2011	Employee/Contractor Misconduct	Document Falsification	Criminal Action	\$ 106,711.81
45	I 2011 00037	7/12/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Action	\$ 148,024.59
46	I 2011 00054	7/15/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Insufficient Resources to Investigate	\$ -
47	I 2011 00017	7/18/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 71,818.66
48	I 2011 00052	7/18/2011	Retirement Fraud	Post-Death Annuity Theft	Administrative Action	\$ 90,878.62
49	I 2002 00047	7/19/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal and Civil Actions	\$ 485,780.05
50	I 2003 00009	7/19/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal and Civil Actions	\$ 596,781.23
51	I 2010 00034	7/22/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 337,287.92
52	I 2011 00016	7/22/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 149,348.49
53	I 2005 00059	7/25/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$ 415,000.00
54	IA 2011 00009	7/25/2011	Employee/Contractor Misconduct	Employee Misconduct	Allegation Not Substantiated	\$ -
55	I 2010 00102	7/26/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Insufficient Resources to Investigate	\$ -
56	I 2008 00001	8/4/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Action	\$ 36,609.90
57	I 2011 00012	8/8/2011	Retirement Fraud	Post-Death Annuity Theft	Statute of Limitations	\$ -
58	I 2008 00053	8/11/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ -
59	I 2010 00033	8/11/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 228,949.43
60	I 2007 00035	8/15/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Action	\$ 4,710.32
61	I 2010 00017	8/15/2011	Retirement Fraud	Post-Death Annuity Theft	Prosecution Declined	\$ 54,375.00
62	I 2010 00025	8/15/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Charges Dismissed	\$ -
63	I 2010 00040	8/15/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 95,738.03
64	I 2011 00035	8/16/2011	Retirement Fraud	Post-Death Annuity Theft	Statute of Limitations	\$ -
65	IA 2011 00013	8/17/2011	Employee/Contractor Misconduct	Employee Misconduct	Allegation Not Substantiated	\$ -
66	I 2006 00136	8/19/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Prosecution Declined	\$ -
67	I 2011 00025	9/7/2011	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	Prosecution Declined	\$ -
68	I 2011 00022	9/21/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 134,639.83
69	I 2010 00072	9/23/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 100,871.70
70	I 2010 00088	9/23/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 50,173.62
71	I 2009 00075	9/26/2011	Retirement Fraud	Post-Death Annuity Theft	Prosecution Declined	\$ -
72	I 2008 00057	9/28/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$ 36,868.00
73	I 2009 00040	9/28/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Allegation Not Substantiated	\$ -
74	I 2009 00050	9/28/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Statute of Limitations	\$ -
75	I 2009 00062	9/28/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Prosecution Declined	\$ -
76	I 2010 00012	9/28/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Action	\$ -

**OPM-OIG Office of Investigations**  
**Closed Investigation Disposition Summary**  
April 1, 2011 to September 30, 2011

Count	OIG Case Number	Date Investigation Closed	Case Category	Allegation Category	Disposition Summary	Recovery to OPM
77	I 2010 00016	9/28/2011	Retirement Fraud	Post-Death Annuity Theft	Statute of Limitations	\$ -
78	I 2010 00024	9/28/2011	Health Care Fraud	Drug Manufacturer/Pharmaceutical Diversion	Criminal and Civil Actions	\$ 37,181,661.70
79	I 2010 00026	9/28/2011	Health Care Fraud	Health Care Provider/raise insurance Claims	Criminal Action	\$ 44,906.28
80	I 2010 00047	9/28/2011	Retirement Fraud	Post-Death Annuity Theft	Subject Acquitted	\$ -
81	I 2010 00051	9/28/2011	Health Care Fraud	Health Care Provider/raise insurance Claims	Insufficient Resources to Investigate	\$ -
82	I 2010 00052	9/28/2011	Health Care Fraud	Health Care Provider/raise insurance Claims	Insufficient Resources to Investigate	\$ -
83	I 2011 00005	9/28/2011	Health Care Fraud	Drug Manufacturer/Pharmaceutical Diversion	Prosecution Declined	\$ -
84	I 2011 00010	9/28/2011	Employee/Contractor Misconduct	Document Falsification	Criminal Action	\$ -
85	I 2011 00019	9/28/2011	Retirement Fraud	Post-Death Annuity Theft	Prosecution Declined	\$ -
86	I 2011 00029	9/28/2011	Employee/Contractor Misconduct	Employee Misconduct	Allegation Not Substantiated	\$ -
87	IA 2011 00004	9/28/2011	Employee/Contractor Misconduct	Employee Misconduct	Administrative Action	\$ -
88	IA 2011 00008	9/28/2011	Employee/Contractor Misconduct	Employee Misconduct	Allegation Not Substantiated	\$ -
						<b>\$ 52,306,706.40</b>





UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

Office of the  
Inspector General

April 30, 2012

The Honorable Charles E. Grassley  
Ranking Member Committee on the Judiciary  
SD-224 Dirksen Senate Office Building  
Washington, DC 20510-6200

The Honorable Thomas A. Coburn  
Ranking Member Permanent Subcommittee on Investigations  
Homeland Security and Governmental Affairs Committee  
SD-340 Dirksen Senate Office Building  
Washington, DC 20510

Dear Senators Grassley and Coburn:

Reference is made to your letter, dated April 8, 2010, requesting biannual information on our oversight activities, specifically our closed investigations, evaluations, and audits which have not been disclosed to the public. As I indicated in my June 30, 2010 response to you, we are providing the material on April 30<sup>th</sup> and October 31<sup>st</sup> of each year to coincide with our semiannual reports to Congress.

We have enclosed a spreadsheet of those closed investigations that have not been disclosed to the public covering the period October 1, 2011 through March 31, 2012. We have reported upon all of our audits in our semiannual reports to Congress, to the extent and manner required by the Inspector General Act of 1978, as amended. In addition, we have not issued evaluation reports during this same time period.

If you have any questions, please feel free to contact me, at 202-606-1200, or someone from your staff may contact Assistant Inspector General for Investigations Michelle B. Schmitz, at 202-606-1200.

Sincerely,

A handwritten signature in black ink, reading "Patrick E. McFarland".

Patrick E. McFarland  
Inspector General

Enclosure

**OPM-OIG Office of Investigations**  
**Closed Investigation Disposition Summary**  
October 1, 2011 to March 31, 2012

Count	OIG Case Number	Date Investigation Closed	Case Category	Allegation Category	Disposition Summary	Recovery to OPM
1	I 2011 00053	10/12/2011	Employee/Contractor Misconduct	Document Falsification	Criminal Action	\$131,102
2	I 2009 00067	10/17/2011	Health Care Fraud	Drug Manufacturer/Off-Label Marketing	Criminal and Civil Actions	\$1,500,277
3	I 2008 00002	10/18/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Action	\$127,892
4	I 2008 00003	10/20/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Acquitted	\$0
5	I 2011 00026	10/21/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$56,630
6	IA 2011 00003	11/02/2011	Employee/Contractor Misconduct	Employee Misconduct	Allegation(s) Not Substantiated	\$0
7	IA 2011 00007	11/02/2011	Employee/Contractor Misconduct	Employee Misconduct	Administrative Action	\$0
8	I 2010 00106	11/03/2011	Health Care Fraud	Beneficiary/False Insurance Claims	Criminal Action	\$0
9	I 2011 00014	11/03/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Action	\$26,850
10	I 2011 00018	11/08/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Action	\$1,694
11	IA 2011 00014	11/09/2011	Employee/Contractor Misconduct	Employee Misconduct	Management Advisory Issued	\$0
12	IA 2011 00015	11/09/2011	Employee/Contractor Misconduct	Employee Misconduct	Allegation(s) Not Substantiated	\$0
13	I 2007 00022	11/10/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$0
14	I 2010 00062	11/18/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Action	\$16,029
15	I 2008 00076	11/19/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$200,120
16	I 2007 00030	11/21/2011	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$158,989
17	I 2010 00095	11/22/2011	Retirement Fraud	Post-Death Annuity Theft	Civil Action	\$87,393
18	I 2010 00102	12/09/2011	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Action	\$16,640
19	I 2008 00100	01/25/2012	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$118,599
20	I 2011 00031	01/25/2012	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$134,050
21	I 2006 00066	01/31/2012	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$0
22	I 2007 00066	01/31/2012	Health Care Fraud	Health Care Provider/False Insurance Claims	Insufficient Resources to Investigate	\$0
23	I 2010 00093	02/01/2012	Health Care Fraud	Health Care Provider/False Insurance Claims	Prosecution Declined	\$0
24	I 2010 00094	02/02/2012	Employee/Contractor Misconduct	Document Falsification	Criminal Action	\$73,294
25	I 2009 00129	02/07/2012	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Action	\$0
26	I 2011 00042	02/07/2012	Health Care Fraud	Beneficiary/Pharmaceutical Diversion	Investigation Continued by Other Agency(s)	\$0
27	I 2011 00039	02/10/2012	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Action	\$48,500
28	I 2011 00249	02/22/2012	Health Care Fraud	Health Care Provider/False Insurance Claims	Civil Action	\$58,294
29	I 2010 00029	02/22/2012	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$0
30	I 2010 00084	02/24/2012	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$113,978
31	I 2010 00005	02/29/2012	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$0
32	I 2010 00075	02/29/2012	Health Care Fraud	Beneficiary/False Insurance Claims	Prosecution Declined	\$0
33	I 2011 00011 (a)	03/02/2012	Health Care Fraud	Beneficiary/Pharmaceutical Diversion	Criminal Action	\$0
34	I 2010 00111	03/02/2012	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$71,989
35	I 2009 00060	03/20/2012	Health Care Fraud	Beneficiary/Pharmaceutical Diversion	Criminal Action	\$72,746
36	I 2010 00079	03/20/2012	Health Care Fraud	Health Care Provider/False Insurance Claims	Prosecution Declined	\$0
37	I 2011 00011 (b)	03/30/2012	Retirement Fraud	Post-Death Annuity Theft	Civil Action	\$37,044
38	I 2011 00061	03/30/2012	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$144,975
39	I 2008 00103	03/31/2012	Health Care Fraud	Health Care Provider/False Insurance Claims	Criminal Action	\$0
40	I 2011 00041	03/31/2012	Retirement Fraud	Post-Death Annuity Theft	Criminal Action	\$151,722
						<b>\$3,348,807</b>