



**U.S. OFFICE OF PERSONNEL MANAGEMENT
OFFICE OF THE INSPECTOR GENERAL
OFFICE OF AUDITS**

Final Interim Audit Report

**AUDIT OF THE U.S. OFFICE OF PERSONNEL
MANAGEMENT'S IMPLEMENTATION
OF THE POSTAL SERVICE HEALTH BENEFITS
PROGRAM: COLLECTION OF MEMBERS'
ELIGIBILITY DOCUMENTATION**

Report Number PSHB-088

September 13, 2024

EXECUTIVE SUMMARY

Audit of the U.S. Office of Personnel Management's Implementation of the Postal Service Health Benefits Program: Collection of Members' Eligibility Documentation

Report No. PSHB-088

September 13, 2024

Why Did We Conduct the Audit?

The primary objective of this audit was to provide oversight of the U.S. Office of Personnel Management's (OPM) development, in collaboration with Deloitte, of the Postal Service Health Benefits System (PSHBS). The PSHBS is the centralized enrollment portal that will be utilized to enroll Postal Service employees, annuitants, and eligible dependents into the Postal Service Health Benefits Program (PSHBP). It will provide an account-based, one-stop shop for enrollees where they can compare and learn about their PSHBP options, select the Postal Service Health Benefits plan that fits their needs, and complete the enrollment process.

What Did We Audit?

In accordance with the Inspector General Act of 1978, as amended, 5 United States Code § 404(a), the OPM Office of the Inspector General completed this interim audit report to inform stakeholders of OPM's options to potentially collect PSHBP members' eligibility documentation. We conducted this portion of the audit in our Washington, D.C. and Cranberry Township, Pennsylvania offices from April 2024 through July 2024.



Michael R. Esser
*Assistant Inspector General
for Audits*

What Did We Find?

In our review of OPM's PSHBS development, we found that the new central enrollment portal system provides opportunities for OPM to strengthen its control environment around the enrollment process for PSHBP members and the eligibility determination of their dependents to improve program integrity.

We determined that while OPM plans to collect eligibility documentation for certain types of new enrollments beginning on January 1, 2025, OPM does not currently have a plan of action regarding the collection of eligibility documentation for all PSHBP dependent members who were previously enrolled in the Federal Employees Health Benefits Program. The types of new enrollments for which OPM is planning to collect supporting documentation represents approximately 2 percent of PSHBP dependent members. Eligibility for a large majority of the PSHBP dependent members may go unverified and unvalidated, allowing the potential for ineligible dependent members to remain enrolled in the PSHBP for an unknown amount of time and leading to wasted taxpayer funds.

ABBREVIATIONS

BAL	Benefit Administration Letter
Carriers	Health Insurance Carriers
FEHB	Federal Employees Health Benefits
FEHBP	Federal Employees Health Benefits Program
OIG	Office of the Inspector General
OPM	U.S. Office of Personnel Management
Postal Service	U.S. Postal Service
PSHB	Postal Service Health Benefits
PSHBP	Postal Service Health Benefits Program
PSHBS	Postal Service Health Benefits System
PSRA	Postal Service Reform Act of 2022
QLE	Qualifying Life Events
U.S.C.	United States Code

TABLE OF CONTENTS

	EXECUTIVE SUMMARY	i
	ABBREVIATIONS	ii
I.	BACKGROUND	1
II.	OBJECTIVE, SCOPE, AND METHODOLOGY	3
III.	AUDIT FINDING AND RECOMMENDATIONS.....	5
	COLLECTION OF MEMBERS' ELIGIBILITY DOCUMENTATION.....	5
	 APPENDIX (Plan's July 26, 2024, response to the draft interim audit report)	
	 REPORT FRAUD, WASTE, AND MISMANAGEMENT	

I. BACKGROUND

This audit report details interim results of the U.S. Office of Personnel Management (OPM) Office of the Inspector General's (OIG) audit of OPM's ongoing implementation of the Postal Service Health Benefits Program (PSHBP). Specifically, this report communicates information on the Postal Service Health Benefits System (PSHBS) and the potential for collection and verification of PSHBP members' dependent eligibility documents.

The PSHBP was established within the Federal Employees Health Benefits Program (FEHBP) by the Postal Service Reform Act of 2022 (PSRA) (Public Law 117-108), enacted on April 6, 2022, and will be administered by OPM's Healthcare and Insurance Office. The PSHBP was created to provide health insurance benefits for U.S. Postal Service (Postal Service) employees, annuitants, and eligible dependents beginning on January 1, 2025. For these individuals, eligibility for enrollment or coverage in Federal Employees Health Benefits (FEHB) health plans will end on December 31, 2024, and enrollment and coverage will only be offered by the Postal Service Health Benefits (PSHB) health plans after that time. Subject to limited exceptions, Postal Service annuitants who retire and become Medicare-eligible after December 31, 2024, and their Medicare-eligible¹ family members, will be required to enroll in Medicare Part B² as a condition of eligibility to enroll in the PSHBP. The first Open Season for the PSHBP will begin on November 11, 2024, and run through December 9, 2024. The first contract year will begin January 1, 2025.

Health insurance coverage is provided through contracts with health insurance carriers (Carriers) who provide service benefits, indemnity benefits, or comprehensive medical services. Required benefits are listed in broad categories in the FEHB statute at 5 United States Code (U.S.C.) § 8904 and include hospital benefits, surgical benefits, medical care and treatment, and obstetrical benefits, among others. Each year, OPM issues guidance for health benefits carriers preparing FEHB health plan benefit proposals. The guidance outlines technical requirements for each proposal, including benefit package details such as actuarial value, benefit changes from the previous year, and the drug formulary. Carriers offering PSHB health plans, as part of the FEHBP, will be subject to the same or similar guidance. The PSRA requires that the Carriers offering PSHB health plans will, to the greatest extent practicable, offer benefits and cost-sharing equivalent to the benefits and cost-sharing for FEHB health plans for that Carrier in the initial contract year.

Section 101 of the PSRA added a new section, 8903c, to 5 U.S.C Chapter 89 which directs OPM to establish the PSHBP. The PSHBP was authorized under the Title I Postal Service Financial Reforms provisions in the PSRA in furtherance of Congress's objective to "improve the financial position of the Postal Service while increasing transparency and accountability of the Postal

¹ Medicare is generally for people 65 or older, but may also include people with disabilities, End-Stage Renal Disease, or Lou Gehrig's disease.

² Medicare Part B is medical insurance covering services from doctors, outpatient care, home health care, durable medical equipment, and many preventative services.

Service's operations, finances, and performance." OPM issued a final rule on May 6, 2024, to set forth standards to implement Section 101 of the PSRA to establish the PSHBP.

Our plan is to provide continued oversight and periodic interim audit reports throughout OPM's implementation of the PSHBP with a focus on critical aspects of the program implementation process. This is our fourth such interim audit report on OPM's implementation of the PSHBP. The preliminary results of this interim audit report were communicated to OPM officials during a meeting on July 11, 2024, and in a draft report issued on July 11, 2024. OPM's comments were considered in the preparation of this final interim audit report and are included in their entirety as an appendix to the report.

II. OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVE

The primary objective of this audit was to provide oversight of OPM's development of the PSHBS, in collaboration with Deloitte, OPM's contractor. The PSHBS is the centralized enrollment portal that will be utilized to enroll Postal Service employees, annuitants, and eligible dependents into the PSHBP. Specifically, this interim audit report communicates options, and their potential impacts related to the PSHBS as well as the collection and verification of PSHBP members' eligibility documents.

SCOPE

The audit was conducted pursuant to the provisions of the PSRA; 5 U.S.C. Chapter 89; and 5 Code of Federal Regulations Chapter 1, Parts 890 and 892. The audit was performed by OPM's OIG, as authorized by the Inspector General Act of 1978, as amended (5 U.S.C. sections 401 through 424).

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

We obtained an understanding of OPM's internal control structure, as applicable to the specific review areas of the PSHBP implementation, but we did not use this information to determine the nature, timing, and extent of our audit procedures. Our review of internal controls was limited to the procedures OPM has in place to ensure that its project management oversight is in accordance with the applicable laws, rules, and regulations.

In conducting the audit, we relied to varying degrees on computer-generated data provided by OPM. We did not verify the reliability of the data generated by the various information systems involved. However, nothing came to our attention during our review utilizing the computer-generated data to cause us to doubt its reliability. We believe that the available data was sufficient to achieve our audit objectives. Except as noted above, the audit was conducted in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States.

We conducted our audit fieldwork for this portion of our audit in our Washington, D.C. and Cranberry Township, Pennsylvania offices from April 2024 through July 2024.

METHODOLOGY

This interim final report provides information on the features of the PSHBS and the potential options related to the collection and verification of PSHBP dependent member eligibility documents.

We held meetings with OPM to determine the capabilities of the central enrollment portal, the PSHBS, related to documentation collection, and OPM's options for collecting the dependent member eligibility documentation. OPM also provided the OIG monthly demonstrations of the system to observe the functionality.

Other auditing procedures were performed as necessary to meet our audit objectives.

We will issue interim audit reports periodically throughout our oversight of the implementation of the PSHBP. These reports will compile the results of our audit and provide any applicable updates on previously communicated results. As required by the Inspector General Act of 1978, as amended, 5 U.S.C. § 420, each final interim report will be available to the public on the OIG's webpage³.

³ OPM OIG Website - <https://oig.opm.gov/>

III. AUDIT FINDING AND RECOMMENDATIONS

COLLECTION OF MEMBERS' ELIGIBILITY DOCUMENTATION

The creation and implementation of the PSHBS provides an opportunity for OPM to strengthen its processes and controls around the enrollment process for PSHBP members. The current FEHBP process for enrolling members and collecting and maintaining documentation supporting the eligibility of dependent members is decentralized. This decentralization creates an environment where roles and responsibilities amongst responsible parties are unclear and no one party has the final say. The FEHBP Handbook states that employing offices are responsible for eligibility determinations, especially in a case where a modification results in a change of premium withholdings (e.g., a change from Self Only to Self Plus One). However, members are responsible for informing Carriers of certain changes to Self and Family enrollments that do not impact premium withholdings. Examples of these changes include the addition of children under age 26 or a spouse, as well as removal of a spouse due to divorce. Carrier Letter⁴ 2021-06 requires Carriers to collect proof of eligibility when a member adds a dependent family member. This proof of eligibility is to be stored by the Carrier in accordance with its corporate document retention and storage policy.

In the past, the OIG has attempted to review a small sample of dependent members' eligibility during its audits of individual Carriers. In most cases, Carriers have not provided or have not maintained supporting documentation for their enrollees' dependent members. Since the Carriers store the proof of eligibility in accordance with their corporate document retention and storage policy, the supporting documentation may be destroyed while the dependent member is still covered under the Carrier's health insurance plan. Situations also occur where a member changes Carriers during Open Season and the supporting enrollment documentation does not follow the member to the new Carrier because the eligibility determination of the member is sent from the employing office. This is a direct result of the FEHBP's decentralized process.

There have been multiple instances of oversight bodies recommending OPM improve its controls and procedures around the FEHBP enrollment process. The OIG completed an audit⁵ of OPM's Administration of Federal Employee Insurance Programs in October 2020. The audit determined that OPM did not have appropriate controls in place to prevent ineligible dependents from enrolling in health care coverage within the FEHBP. The audit report recommended that OPM establish an eligibility verification process for dependents within the FEHBP. The report stated that the eligibility verification would reduce the amount of wasted taxpayer funds, which based on industry estimates could be \$256 million to \$3 billion annually.

⁴ An OPM carrier letter is a communication from OPM to contracted carriers. The letters include information about the upcoming benefit year, such as policy goals and initiatives.

⁵ Report Number 4A-HI-00-19-007 – Audit of the U.S. Office of Personnel Management's Administration of Federal Employee Insurance Programs

The U.S. Government Accountability Office conducted a study⁶ related to the FEHBP in December 2022. It determined that OPM amended its regulations during 2018 to allow – but not require – employing offices and Carriers to request proof of dependent eligibility at any time. Also, new requirements were issued in OPM’s Benefit Administration Letter (BAL) 21-202 for employing offices and Carriers to verify dependent eligibility, but only for certain types of new enrollments. Most importantly, the study found that despite the fraud and improper payment risks caused by not verifying eligibility for current members, OPM did not plan to establish a monitoring mechanism to identify and remove ineligible dependents who already have FEHB coverage.

In recent years, OPM has provided further guidance on enrollment eligibility and verification for all parties involved in the process. Per the regulations amended during 2018, 83 Federal Register 3059, the Carriers, employing office, and/or OPM may request verification of eligibility at any time. However, there is no requirement or process for OPM to collect this documentation. There is also no centralized portal to store and maintain the documentation for OPM’s verification and validation purposes or for OIG oversight. Recently, OPM issued BAL 24-201 on April 17, 2024. This BAL requires employing offices within the FEHBP to validate certain Open Season elections beginning with the 2024 Open Season. Employing offices will achieve this by selecting a random sample, which is to be a minimum of 10 percent, of Self Plus One and Self and Family Open Season elections. To ensure timely validation, the results of the review must be reported to OPM by July 31, 2025.

As part of the implementation of the PSHBP, OPM, in collaboration with Deloitte, has been working on a central enrollment portal for Postal Service employees, annuitants, and dependents, the PSHBS. The PSHBS will be utilized, beginning with the 2024 Open Season, to enroll Postal Service employees, annuitants, and eligible dependents into the PSHBP. It will process all enrollments and changes in enrollments for the PSHB, including open season transactions, qualifying life events (QLEs)⁷, and enrollments for those newly eligible. It will provide an account-based, one-stop shop for enrollees to compare and learn about health insurance plan options, select the plan that fits their needs, and complete the enrollment process. The PSHBS will be the authoritative source of truth for PSHBP enrollment data, including ongoing reconciliation of enrollment and premiums. Notably, this central enrollment portal is to be developed using scalable, flexible technology to potentially service the remaining non-Postal Service FEHB members (estimated at 6.5 million) in the future.

⁶ Report Number GAO-23-105222 – Federal Employee Health Benefits Program: Additional Monitoring Mechanisms and Fraud Risk Assessment Needed to Better Ensure Member Eligibility

⁷ Outside of Open Season, changes in enrollments in connection with certain events are called QLEs. Some examples of QLEs are a change in family status, a change in employment status, or the employee or a family member loses FEHB or other coverage.

As part of the minimally viable product required for initial implementation, the PSHBS is required under Deloitte's contract with OPM to have the ability to accept uploaded documentation supporting the eligibility of dependents, such as a marriage license or birth certificate. The documentation supporting eligibility will be stored in one central location for use by OPM, Carriers, and OIG oversight audits for five years. Additionally, the PSHBS should be able to identify exceptions based on pre-defined criteria and could remove ineligible enrollees and family members during the enrollment process.

OPM is currently making decisions on the collection of documentation supporting eligibility for members, specifically the dependents of members, who will be enrolling within the PSHBP. OPM will have the ability to require members to provide documentation supporting eligibility of dependents at any time through the PSHBS. OPM will also have the ability to verify this information to provide a level of review for the documentation submitted to the PSHBS.

The development of the PSHBS represents a unique opportunity for OPM to validate enrollment eligibility for all Postal Service members and establish a baseline for future validation of the remaining FEHBP population. OPM officials discussed with us at length the challenges involved with balancing program implementation, continuity of coverage, and program integrity. OPM has concerns that collecting the supporting documentation for all dependents during Open Season 2024 would cause additional disarray for Postal Service members. There could also be confusion for Postal Service members based on the messaging that OPM and the Postal Service have already provided on the PSHBP. We recognize the need for OPM to strike a balance between these potentially competing concerns. However, we have observed that OPM does not have a plan for introducing enrollment verification of dependent members.

As of January 1, 2025, OPM will begin collecting documentation supporting dependent eligibility for all new enrollments and changes due to QLEs. Historically, the new enrollments and QLEs impact, on average, approximately 2 percent of the Postal Service population currently within the FEHBP. Thus, a large majority of the PSHBP dependent members may go unverified and unvalidated, allowing potential ineligible members to remain within the PSHBP for an extended or unknown amount of time, leading to wasted taxpayer funds. Given that OPM will now have the ability to collect, maintain, and verify documentation supporting dependent eligibility in a centralized portal, there is an opportunity to prevent significant waste due to fraud and improper payments within the PSHBP.

Recommendation 1

We recommend that OPM develop a written plan and process to collect eligibility documentation for all dependents enrolled within the PSHBP.

OPM Response:

“We agree with this recommendation. Through the Postal Service Health Benefits System (PSHBS), OPM will be collecting family member eligibility documentation for enrollees who add family members during the 2024 Open Season. For the inaugural Open Season, the system will prompt the enrollee for the verification documentation, which the PSHBS has been configured to receive. Additionally, effective 1/1/2025, every new Postal employee and every Postal enrollee with a qualifying life event is required to submit family member eligibility documentation for verification. Combined, these efforts will put USPS ahead of government-wide policy on family member eligibility documentation collection for *new* enrollments.

However, collecting eligibility documentation on all family members that will be automatically enrolled in the PSHBP (more than 710,000 family members) will require resources that are not currently available for this program and would disrupt activities necessary to ensure that no Postal employee, annuitant, or eligible family member experiences a disruption in coverage. We view disruptions in coverage as a fundamental risk to the transition to a new central enrollment program, which would undermine our joint interest in leveraging such program to advance program integrity. Accordingly, OPM would need significant, additional appropriations from Congress to undertake what we estimate to be a multi-year effort.

Given the tight funding environment, OPM plans to prioritize verification of changes made to enrollments going forward, using centralized enrollment, and is seeking funding to accomplish that goal. We will continue to evaluate, along with the Postal Service, how we might address legacy enrollments through new functionality afforded by the PSHBS, including additional data reconciliation efforts, and will update our plans as appropriate. Additional funding would expedite these efforts.”

OIG Comment:

We acknowledge and appreciate that OPM will begin to collect eligibility documentation for added family members during Open Season 2024 as well as new enrollments and QLEs after January 1, 2025. We recognize that with these measures, the Postal Service will be ahead of the government-wide policy on documentation collection for new enrollments. We also understand that the collection of documentation supporting eligibility for all legacy enrollments would require significant resources that, according to OPM, are not available, and that it is important that Postal Service employees, annuitants, and family members not experience a disruption in coverage. We appreciate that OPM will continue to evaluate how these legacy enrollments can be verified through the central enrollment portal. However, OPM should fully develop and

document its current plan and process for the collection of eligibility documentation for all dependents enrolled within the PSHBP.

Recommendation 2

We recommend that OPM develop a written plan and process to perform a verification and validation of the documentation supporting dependent eligibility maintained within the PSHBS.

OPM Response:

“We concur with this recommendation. The Postal Service, in compliance with Benefits Administration Letter 24-201, will verify the documentation of at least 10 percent of those employees who supply eligibility documentation for a family member during Open Season 2024. Given that the PSHBS has the ability to capture uploaded eligibility documentation, we expect that USPS will be capable of verifying more than the 10 percent minimum requirement after the close of Open Season; however, the decision to verify a greater number of family members will depend on the resources of the Postal Service. [REDACTED]

OPM does not currently have the resources available to collect and verify eligibility documentation on all family members who will be automatically enrolled in the PSHBP. Given the tight funding environment, OPM plans to prioritize verification of changes made to enrollments going forward, using centralized enrollment, and is seeking funding to accomplish that goal. We will continue to evaluate, along with the Postal Service, how we might address legacy enrollments through new functionality afforded by the PSHBS, including additional data reconciliation efforts. Additional funding would expedite these efforts.”

OIG Comment:

We recognize OPM’s efforts to begin verifying eligibility documentation during Open Season 2024 as required by BAL 24-201. Additionally, we understand OPM’s assertion that it does not currently have the resources available to collect and verify eligibility documentation for all legacy enrollments. However, as stated previously, OPM should fully develop and document its plan and process for the verification and validation of eligibility documentation for all dependents enrolled within the PSHBP.

Recommendation 3

We recommend that OPM consider the feasibility and scalability of the PSHBS, decide if it can be adopted into the FEHBP enrollment process, and the necessary measures to adopt it into the FEHBP.

OPM Response:

“We agree with this recommendation, it has been a core part of our overall FEHBP modernization strategy, and we appreciate OIG’s support of this concept. In developing PSHBS, OPM has deliberately considered how the functionality for the PSHBS would apply to FEHBP as a whole. The potential of scaling to FEHBP was stated in the PSHBS RFP and the subsequent Deloitte contract. OPM has also described its goals to modernize the FEHBP program to include a central enrollment capability, starting with the PSHBP central enrollment system and scaling this approach to the rest of the FEHBP, in testimony to Congress. However, to act on this scaling, we need additional funding over multiple years, which we have requested from Congress. As part of our FY 2025 Congressional Budget Justification, OPM has included a legislative proposal that would allow OPM to access a total of \$474 million over a ten-year period from the Employee Health Benefits Fund as a source of consistent, stable funding to achieve this goal.”

APPENDIX



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

July 26, 2024

MEMORANDUM FOR

KRISTA BOYD
Inspector General

FROM:

ROBERT H. SHRIVER, III
Acting Director

A handwritten signature in blue ink that reads "Robert H. Shriver, III".

SUBJECT:

Response to Draft Interim Audit Report No. PSHB-088

This memorandum is in response to the Office of the Inspector General's Draft Interim Audit Report, received on July 11, 2024, concerning family member eligibility documentation collection and verification in the Postal Service Health Benefits Program (PSHBP). We greatly appreciate your extending the deadline for responding by a week. As you know, implementing the PSHBP is an agency-wide priority and responding comprehensively to your draft audit report required input from key stakeholders throughout the agency.

We value your review of the program and the many insights you have offered. We share your interest in ensuring the accuracy of family member enrollments in the program and feel that the enrollment system we are developing with the assistance of Deloitte presents a unique opportunity to improve the processes for receiving and verifying documentation of family member eligibility. However, development of the minimum viable product (MVP) of the system in 2024 is a work in progress, our implementation timelines was extremely tight from the outset, the program has never been fully funded, and more development will be required once the MVP version is in place.

We appreciate that you have requested "plans" for improving documentation collection and verification, acknowledging that instituting improved processes is a multi-year effort. We agree that having those plans are important and, as you will see in our responses below, those plans are underway. Our first priority during this initial PSHB Open Season, however, is ensuring all eligible Postal employees, annuitants, and family members currently enrolled in FEHB transition successfully to their desired PSHB health plan without any gap in coverage. If families were to experience any gap in coverage, access to health care, including prescription drugs essential to managing new or chronic conditions, could be delayed, leading to adverse health effects. Moreover, customer service inquiries could overwhelm our systems, which

would require us to transfer resources away from other program integrity activities to resolve any coverage gap issues. That kind of enrollee experience would undermine confidence in the PSHBS, risk the viability of the entire system, and set us back in our multi-year effort to transform our health benefits systems from ones that are decentralized and rely on carriers and agencies to validate eligibility to ones that are managed centrally through an enrollment portal (as most modern health benefits systems are). Avoiding coverage gaps, therefore, must continue to drive us as we approach launch of the new system. Nonetheless, we share your commitment to strengthening the integrity of our health benefits programs, and as we prepare to roll out the new Postal Services Health Benefits System (PSHBS), there are several improvements that we will realize.

As we have discussed, the current decentralized approach to eligibility and enrollment under the FEHBP is an obstacle to OPM's ability to verify and audit eligibility centrally. Instead, under the current, decentralized state of family member eligibility requires, employing offices to remain responsible for verifying eligibility. The PSHBS will aid the verification process by enabling eligibility documents to be uploaded. The Postal Service and OPM's Retirement Services will verify a portion of family member elections occurring during the 2024 Open Season in accordance with Benefit Administration Letter 24-201, issued in April of this year.

Our goal is to have a centralized enrollment capability that will enable family member eligibility documentation collection and verification in real time or near real time for PSHB starting in the 2024 Open Season and scaling to FEHB in the future. However, extending central enrollment to FEHB will require significant resources and additional time to implement. The President's FY 2025 Budget includes a legislative proposal that would help us accomplish this goal. We are working closely with your office on this proposal and actively seeking support from Members of Congress. We appreciate the teamwork with OIG on this initiative and thank you for your support. We look forward to successfully deploying the PSHBS's MVP this Fall, so that in plan year 2025, we can begin to leverage the new capabilities of a central enrollment program to further advance program integrity for Postal employees, annuitants, and their families.

Recommendation 1

We recommend that OPM develop a written plan and process to collect eligibility documentation for all dependents enrolled within the PSHBP.

We agree with this recommendation. Through the Postal Service Health Benefits System (PSHBS), OPM will be collecting family member eligibility documentation for enrollees who add family members during the 2024 Open Season. For the inaugural Open Season, the system will prompt the enrollee for the verification documentation, which the PSHBS has been configured to receive. Additionally, effective 1/1/2025, every new Postal employee and every Postal enrollee with a qualifying life event is required to submit family member eligibility

documentation for verification. Combined, these efforts will put USPS ahead of government-wide policy on family member eligibility documentation collection for *new* enrollments.

However, collecting eligibility documentation on all family members that will be automatically enrolled in the PSHBP (more than 710,000 family members) will require resources that are not currently available for this program and would disrupt activities necessary to ensure that no Postal employee, annuitant, or eligible family member experiences a disruption in coverage. We view disruptions in coverage as a fundamental risk to the transition to a new central enrollment program, which would undermine our joint interest in leveraging such program to advance program integrity. Accordingly, OPM would need significant, additional appropriations from Congress to undertake what we estimate to be a multi-year effort.

Given the tight funding environment, OPM plans to prioritize verification of changes made to enrollments going forward, using centralized enrollment, and is seeking funding to accomplish that goal. We will continue to evaluate, along with the Postal Service, how we might address legacy enrollments through new functionality afforded by the PSHBS, including additional data reconciliation efforts, and will update our plans as appropriate. Additional funding would expedite these efforts.

Recommendation 2

We recommend that OPM develop a written plan and process to perform a verification and validation of the supporting dependent eligibility documentation maintained within the PSHBS.

We concur with this recommendation. The Postal Service, in compliance with Benefits Administration Letter 24-201, will verify the documentation of at least 10 percent of those employees who supply eligibility documentation for a family member during Open Season 2024. Given that the PSHBS has the ability to capture uploaded eligibility documentation, we expect that USPS will be capable of verifying more than the 10 percent minimum requirement after the close of Open Season; however, the decision to verify a greater number of family members will depend on the resources of the Postal Service. [REDACTED]

[REDACTED]

[REDACTED]

OPM does not currently have the resources available to collect and verify eligibility documentation on all family members who will be automatically enrolled in the PSHBP. Given the tight funding environment, OPM plans to prioritize verification of changes made to enrollments going forward, using centralized enrollment, and is seeking funding to accomplish

that goal. We will continue to evaluate, along with the Postal Service, how we might address legacy enrollments through new functionality afforded by the PSHBS, including additional data reconciliation efforts. Additional funding would expedite these efforts.

Recommendation 3

We recommend that OPM consider the feasibility and scalability of the PSHBS, decide if it can be adopted into the FEHBP enrollment process, and the necessary measures to adopt it into the FEHBP.

We agree with this recommendation, it has been a core part of our overall FEHBP modernization strategy, and we appreciate OIG's support of this concept. In developing PSHBS, OPM has deliberately considered how the functionality for the PSHBS would apply to FEHBP as a whole. The potential of scaling to FEHBP was stated in the PSHBS RFP and the subsequent Deloitte contract. OPM has also described its goals to modernize the FEHBP program to include a central enrollment capability, starting with the PSHBP central enrollment system and scaling this approach to the rest of the FEHBP, in testimony to Congress. However, to act on this scaling, we need additional funding over multiple years, which we have requested from Congress. As part of our FY 2025 Congressional Budget Justification, OPM has included a legislative proposal that would allow OPM to access a total of \$474 million over a ten-year period from the Employee Health Benefits Fund as a source of consistent, stable funding to achieve this goal.



Report Fraud, Waste, and Mismanagement

Fraud, waste, and mismanagement in Government concerns everyone: Office of the Inspector General staff, agency employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to OPM programs and operations. You can report allegations to us in several ways:

By Internet: <https://oig.opm.gov/contact/hotline>

By Phone: Toll Free Number: (877) 499-7295

By Mail: Office of the Inspector General
U.S. Office of Personnel Management
1900 E Street, NW
Room 6400
Washington, DC 20415-1100