

Carrier Name _____ Code _____

**FEHBP BALANCE SHEET
SEPTEMBER 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
ASSETS		
Cash and Cash Equivalents	\$	\$
Balance in Letter of Credit Account		
Interest Income Receivable		
Program Income Receivable		
Due for Treasury Offsets		
Other		
TOTAL ASSETS	\$	\$
LIABILITIES		
Health Benefits Accrued but Unpaid	\$	\$
Accrued Administrative Expenses and Retentions		
Due to OPM for Audit Findings		
Other Accrued Liabilities		
Special Reserve		
TOTAL LIABILITIES WITH SPECIAL RESERVE	\$	\$

**Instructions for Preparing
The FEHBP BALANCE SHEET**

The Balance Sheet should be prepared in accordance with the special purpose financial statements required by the U.S. Office of Personnel Management. This is a comprehensive basis of accounting other than generally accepted accounting principles.

If your plan has an underwriter, please provide a consolidated balance sheet incorporating the financial activity of the underwriter, organization and former underwriter(s), if applicable. Please provide separate balance sheets for each entity if they are available.

In addition, if your Plan has high and standard options, please provide a balance sheet for each option.

ASSETS

Cash and Cash Equivalents. The ending cash and cash equivalents balance as shown on the Consolidated Statement of FEHBP Cash Flows and other related schedules.

Balance in Letter of Credit Account. The balance in the LOC account as of September 30, 2002. This should agree with line 4e of Enclosure A.

Interest Income Receivable. All accrued interest income from bank accounts or short-term investments as of September 30, 2002. Do not include accrued interest due the Letter of Credit (LOC) account.

Program Income Receivable. The accrued semimonthly premiums due to the LOCA and accrued interest, due to the LOCA. These balances are provided on your Enclosure A.

Due for Treasury Offset. The amount due the Program as a result of actions by the U.S. Treasury to reduce or “offset” drawdowns from your LOCA account.

Other. (Includes Pre Paid Expense) We may require a break-out if we or our auditors judge this category to be material.

LIABILITIES

Health Benefits Accrued but Unpaid. The health benefits charges accrued but unpaid, breaking out charges that have been incurred but not received (IBNR) in a note, if feasible.

Accrued Administrative Expenses and Retentions. The total accrued administrative expenses and retentions as of September 30, 2002.

**Instructions for Preparing
The FEHBP BALANCE SHEET – continued**

Due to OPM for Audit Findings. The total billed to the Carrier by OPM to resolve audit findings.

Special Reserve. The Special Reserve equals total assets less Health Benefits Accrued but Unpaid and Accrued Administrative Expenses and Retentions.

Carrier: _____

Code: _____

**STATEMENT OF OPERATIONS
FOR THE FISCAL YEARS
ENDING SEPTEMBER 30, 2002 and 2001**

	<u>2002</u>	<u>2001</u>
REVENUE		
Letter of Credit (LOC) Authorizations	\$	\$
Net Investment Income		
Total Revenue	\$	\$
BENEFITS AND EXPENSES		
Health Benefit Charges	\$	\$
Administrative Expenses		
State Statutory Reserve		
Reinsurance Expenses		
Service Charge		
Other		
Total Benefits and Expenses	\$	\$
GAIN (LOSS) FROM OPERATIONS		
Special Reserve, Beginning of Year	\$	\$
Gain (Loss) from Operations		
Return of Excess Reserves		
Contingency Reserve Payments		
Other		
Special Reserve, End of Year	\$	\$

See accompanying notes to financial statements.

**Instructions for Preparing
The EEHBP STATEMENT OF OPERATIONS**

Enclosure A of the cover letter shows the Letter of Credit (LOC) authorizations and reductions recorded by OPM for your plan during fiscal year 2002. This information must be used to prepare your report. Please compare this information and your records and notify Melanese Matthews of the Benefits Accounting Branch on (202) 606-4498 of any differences. As noted previously, the amount reported as LOC drawdowns must be the total amount requested from OPM and not the net amount received due to the Treasury Offset Program.

REVENUE:

Letter of Credit Authorizations: Show the total semi-monthly premium authorizations and interest credited to your LOCA by OPM. (See Enclosure A)

Net Investment Income: Show the investment interest earned on funds held by the carrier, if applicable.

BENEFITS AND EXPENSES:

Health Benefits Charges: Show the amount of health benefit charges for fiscal year 2002.

Administrative Expenses: Your contract with OPM provides for allowable charges to the Federal Employees Health Benefits Program based on an administrative expense formula for contract year 2002. The amount stated for fiscal year 2002 must not exceed your fiscal year 2002 limitation.

State Statutory Reserve: Report the amount necessary to satisfy State requirements for mandatory statutory reserves. Attach a schedule showing in detail the calculation of the required reserve amount and citation to specific state statutes.

Reinsurance Expenses: Report the amount of reinsurance expenses, if applicable, incurred in fiscal year 2002. Attach a schedule showing the development of your reinsurance expenses and the basis for this charge.

Instructions for Preparing

The EEHBP STATEMENT OF OPERATIONS continued:

Service Charge: This amount must not exceed 25% of your allowable 2001 service charge plus 75% of the 2002 allowable service charge as stated on Appendix B of the 2002 contract amendment.

Other: Show all other expenses not previously listed. We may require a break-out if we or our auditors judge this category to be material

GAIN (LOSS) FROM OPERATIONS:

Special Reserve Beginning of Year: Show the special reserve as of the end of the prior year's Balance Sheet.

Gain (Loss) from Operations: Total revenue minus total benefits and expenses.

Return of Excess Reserves: Show the amount of excess reserves withdrawn from your LOC account and transferred to your contingency reserve during fiscal year 2002 shown on Enclosure A.

Contingency Reserve Transfers: Show the contingency reserve transfer(s) authorized to your LOC account during fiscal year 2002 as shown on Enclosure A.

Other: Show all other additions or subtractions. Include a supporting schedule to explain the source of the adjustment(s).

Carrier: _____ Code: _____

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS
ENDING SEPTEMBER 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Gain (Loss)	\$	\$
Adjustments to Reconcile Net Gain to Net Cash Provided by (used in) Operating Activities:		
(Increase) Decrease in Assets:	\$	\$
Letter of Credit Account		
Program Income Receivable		
Interest Income Receivable		
Due for Treasury Offsets		
Other		
Increase (Decrease) in Liabilities:	\$	\$
Health Benefits Charges Accrued but Unpaid		
Accrued Administrative Expenses		
Accrued Service Charge		
Other Accrued Liabilities		
TOTAL ADJUSTMENTS	\$	\$
Net cash provided by operating activities	\$	\$

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The FEHBP STATEMENT OF CASH FLOWS (Continued from previous page)

CASH FLOWS FROM INVESTMENT ACTIVITIES

Proceeds from Sale of Investments	\$	\$
Net Cash Provided by Investing Activities	\$	\$

NET INCREASE IN CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents at the Beginning of Year	\$	\$
Cash and Cash Equivalents at the End of Year	\$	\$

See accompanying notes to financial statements.

**Instructions for Preparing
The EEHBP STATEMENT OF CASH FLOWS**

CASH FLOWS FROM OPERATING ACTIVITIES

Net Gain (Loss): Show the net gain or (loss) from the Statement of Operations.

**Adjustments to Reconcile Net Gain (Loss) to Net Cash Provided
by (used in) Operating Activities:**

Prior Period adjustments and other adjustments as shown on the
Statement of Operations
Contingency Reserve Payments
(Withdrawal of Excess Reserves)

(Increase) Decrease in Assets:

Letter of Credit Account
Program Income Receivable
Interest Income Receivable
Due for Treasury Offsets
Other

Increase (Decrease) in Liabilities:

Health Benefits Charges Accrued but Unpaid
Accrued Administrative Expenses
Accrued Service Charge
Other Accrued Liabilities

Total Adjustments:

Net Cash Provided by Operating Activities:

The total net gain or (loss) plus total adjustments

Instructions for Preparing

The FEHBP STATEMENT OF CASH FLOWS continued

CASH FLOWS FROM INVESTMENT ACTIVITIES:

Proceeds from Sale of Investments: Present the sum of proceeds received from the sale of FEHBP investments.

Net Cash Provided by Investing Activities: Proceeds from the sale of investments plus non-LOC interest income minus payments for purchase of investments.

NET INCREASE IN CASH AND CASH EQUIVALENTS: Net Cash Provided by Operating Activities plus or minus Net Cash Provided by Investing Activities.

Cash and Cash Equivalents at Beginning of Year: From the 2001 FEHBP Balance Sheet.

Cash and Cash Equivalents at End of Year: From the 2002 Balance Sheet

Carrier: _____

Code: _____

**SUPPLEMENTAL SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
ADMINISTRATIVE EXPENSES		
Rent	\$	\$
Salaries		
Employee Benefits		
Furniture and Equipment		
Maintenance		
Equipment Rental		
Printing, Stationery and Supplies		
Travel		
Postage		
Telephone & Telegraph		
Private Wire System		
Auditing Services		
Legal Services		
Consulting & Professional		
Payroll Taxes		
Utilities		
Insurance		
LOC Bank Charges		
Cost Containment		
Other		
Clearinghouse**		
TOTAL ACTUAL EXPENSES	\$	\$
IPA Audit Fees	\$	\$
TOTAL CHARGED TO CONTRACT	\$	\$

**** See Instructions for preparing Administrative Expense
See accompanying independent auditors' report.**

DOD PROJECT

Carrier: _____ **Code:** _____

**SUPPLEMENTAL SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2002 AND 2001**

ADMINISTRATIVE EXPENSES	<u>2002</u>	<u>2001</u>
Rent	\$	\$
Salaries		
Employee Benefits		
Furniture and Equipment		
Maintenance		
Equipment Rental		
Printing, Stationery and Supplies		
Travel		
Postage		
Telephone & Telegraph		
Private Wire System		
Auditing Service		
Legal Services		
Consulting & Professional		
Payroll Taxes		
Utilities		
Insurance		
LOC Bank Charges		
Cost Containment		
Other		
TOTAL	\$	\$

See accompanying independent auditors' report.

**Instructions for Preparing
The FEHBP SUPPLEMENTAL SCHEDULE OF ADMINISTRATIVE EXPENSES**

Show your Plan's total expenses, by object class. The total charged should be shown on the Statement of Operations and must not exceed the 2002 fiscal year administrative expenses limitation.

Attach a supporting document showing the basis and statistical data used for prorating administrative expenses between options, e.g. number of claims paid, or other units of work performed.

If the line item "Other" expenses aggregates to an amount that is material, its composition must be disclosed in a footnote.

A separate administrative expense schedule should be prepared for expenses pertaining to the "DOD Project" for the fiscal year ended September 30, 2002. This should be the amount listed in Section 3 in the DOD column of your Summary Statement.

Development costs of the Clearinghouse project, as reported on Enclosure A, are to be included in the administrative expenses, subject to the limitation.

Carrier: _____ Code: _____

High Option _____ Standard Option _____ DOD _____

**SUPPLEMENTAL SCHEDULE OF HEALTH BENEFIT CHARGES PAID
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

PART A - Monthly Claims Paid

MONTH	AMOUNT PAID	YEAR INCURRED		FISCAL YEAR 2000 – PRIOR
		10/01/01 09/30/02	10/01/00 09/30/01	
October				
November				
December				
January				
February				
March				
April				
May				
June				
July				
August				
September				
Total	\$	\$	\$	\$

PART B - Number of Claims Paid

	FISCAL YEAR INCURRED		
	FISCAL 2002	FISCAL 2001	2000 – PRIOR
TOTAL			

(Continued Next Page)

**SUPPLEMENTAL SCHEDULE OF HEALTH BENEFIT CHARGES PAID FOR
THE FISCAL YEAR ENDED SEPTEMBER 30, 2002** (Continued from previous page)

PART C - Types of Claim Paid

TOTAL	HOSPITALIZATION	PHYSICIANS	OTHER
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PART D - Reconciliation of Health Benefit Charges Paid

Total Claims Paid from Part A (*above*) -
Less: Reinsurance Recovery
Other Adjustments (*explain*)
TOTAL (Summary Statement) \$

See accompanying independent auditors' report.

Carrier: _____
 DOD _____

Code: _____

**SUPPLEMENTAL SCHEDULE OF HEALTH BENEFIT CHARGES PAID
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

PART A - Monthly Claims Paid

MONTH	AMOUNT PAID	YEAR INCURRED		FISCAL YEAR 2000 – PRIOR
		10/01/01 09/30/02	10/01/00 09/30/01	
October				
November				
December				
January				
February				
March				
April				
May				
June				
July				
August				
September				
Total	\$	\$	\$	\$

PART B - Number of Claims Paid

	FISCAL YEAR INCURRED		
	FISCAL 2002	FISCAL 2001	2000 - PRIOR
TOTAL			

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**SUPPLEMENTAL SCHEDULE OF HEALTH BENEFIT CHARGES PAID
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002** (Continued from previous page)

PART C - Types of Claim Paid

TOTAL	HOSPITALIZATION	PHYSICIANS	OTHER

PART D - Reconciliation of Health Benefit Charges Paid

Total Claims Paid from Part A (*above*)
 Less: Reinsurance Recovery
 Other Adjustments (*explain*)
 TOTAL (Summary Statement) \$

See accompanying independent auditors' report.

**Instructions for Preparing
SUPPLEMENTAL SCHEDULE OF HEALTH BENEFITS CHARGES PAID**

Part A: Monthly Claims Paid

Report in the first column the amount of health benefits charges paid in each month. In the second, third and fourth columns, show a breakdown of the amount reported in the first column by the fiscal year incurred.

Part B: Number of Claims Paid - Self-explanatory.

Part C: Types of Claims Paid

If possible, separate claims paid into hospitalization, physicians, and other claims.

Part D: Reconciliation of Health Benefit Charges Paid.

Self-explanatory.

Carrier _____ Code _____

**SUPPLEMENTAL SCHEDULE OF MONTHLY CASH FLOWS
FOR THE PERIOD ENDING SEPTEMBER 30, 2002**

	SOURCES OF CASH			APPLICATIONS OF CASH			(8) Cash and Cash Equivalents Monthly
	(1)	(2)	(3)	(4)	(5)	(6)	
Month	<u>LOC</u> <u>Drawdowns</u>	<u>Interest</u> <u>Income</u>	<u>Other</u> <u>(explain)</u>	<u>Claims</u> <u>Paid</u>	<u>Admin.</u> <u>Exp.</u>	<u>Other</u> <u>(explain)</u>	<u>Net Inflow</u> <u>(Outflow)</u>
Balance - 09/30/01							
Oct. 2001							
Nov. 2001							
Dec. 2001							
Jan. 2002							
Feb. 2002							
Mar. 2002							
Apr. 2002							
May. 2002							
June 2002							
July 2002							
Aug. 2002							
Sep. 2002							
Total							

Instructions for Preparing

THE FEHBP SUPPLEMENTAL SCHEDULE OF MONTHLY CASH FLOWS

This schedule must be prepared on a monthly basis for the period October 1, 2001 through September 30, 2002.

- Cash Balance: The total of ending cash balance and total value of investments held by carrier as shown on your 2001 fiscal year accounting statement, and as of the end of each month through September 30, 2002.

- Sources of Cash:
 - 1) LOC Drawdowns. Withdrawals made from your Letter of Credit (LOC) account as shown on line 4b. of Enclosure A.
 - 2) Interest Income. Interest earned on funds held during the period October 1, 2001, through September 30, 2002, other than the LOC account.
 - 3) Other. Explain via footnote or attached sheet of paper, all entries shown on this line.

- Applications of Cash:
 - 4) Claims Paid. The total health benefits charges paid during the period October 1, 2001, through September 30, 2002.
 - 5) Administrative Expenses Paid. The amount of cash paid for allowable administrative expenses during the period October 1, 2001, through September 30, 2002.
 - 6) Other. Explain, via footnote or attached sheet of paper, all entries shown on this line.

- Net Inflow (Outflow): The net of total Sources of Cash minus total Applications of Cash.

- Cash and Cash Equivalents Monthly Balance: Previous month's balance of cash, cash equivalents, and investments plus the month's net inflow (outflow).

• Carrier: _____ Code: _____

**SUPPLEMENTAL SCHEDULE OF AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

AUDIT NUMBER AND ASSOCIATED YEAR:

\$ _____

TOTAL

\$ _____

Carrier: _____ Code: _____

**SUPPLEMENTAL SCHEDULE OF TREASURY OFFSET ACTIVITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

TREASURY OFFSET ACTIVITY		
	Number	Amount
Balance beginning of the year		
New Treasury offsets		
Amount repaid to Program		
Other		
Balance end of the year¹		

1 Must agree with amount reported on Balance Sheet as "Due for Treasury Offset"

Instructions for Preparing
The SUPPLEMENTAL SCHEDULE OF TREASURY OFFSET ACTIVITY

Balance beginning of the year: The amount that is owed to the Program at October 1, 2001 as a result of a LOC drawdown having been offset by the Treasury.

New Treasury Offsets: The amount of Treasury offsets against LOC drawdowns that have occurred during FY 2002.

Amount Repaid to Program: The amount of monies that have been credited to the Program in FY 2002 to repay Treasury Offsets.

Other: Use only after obtaining OPM approval.

Balance end of year: The amount that is owed to the Program at September 30, 2002 as a result of a LOC drawdown having been offset by the Treasury.