
FEHB Program Carrier Letter

All Experience-Rated Carriers

U.S. Office of Personnel Management
Insurance Services Programs

Letter No. 2009 - 16

Date: October 5, 2009

Fee-for-service [12] Experience-rated HMO [12] Community-rated HMO [n/a]

SUBJECT: Guidance for the Preparation of Audited Financial Statements for Federal Fiscal Year 2009

The *FEHBP Financial Reporting and Audit Guide* [the “Guide”] presents detailed requirements for the financial reporting due from ALL carriers as of and for FY 2009, as well as auditing requirements for certain carriers. These requirements are not reiterated here. This Letter provides guidance for those carriers that have elected “Option 2” in the Guide and, thereby, are required to submit audited financial statements to OPM as of and for September 30, 2009.

FY 2009 FINANCIAL REPORTING

As presented in the Guide, all carriers must submit a *signed Schedule of Selected Balances* (SSB) no later than **1:00 PM EST October 9, 2009**. This is critical because it will provide much of the information OPM needs to prepare its financial statements within OMB’s deadline. **In addition, management is required to provide an explanation for each line item of the SSB for the primary and secondary carriers with a percentage variance from the previous year’s period exceeding five percent (5%) if greater than \$500,000 and ten percent (10%) if greater than \$250,000, respectively.**

Those carriers that have elected Option 1 [audited financial statements as of and for December 31] in the Guide are **not required** to submit financial statements [**other than the *Schedule of Selected Balances***] as of and for September 30. These carriers can, therefore, disregard the requirements enclosed with this Letter.

As mentioned above, those carriers that have elected Option 2 [audited financial statements as of and for September 30] must continue to submit to OPM audited financial statements as of and for September 30, 2009, prepared in accordance with the enclosed requirements. For FY 2009, these statements are due to OPM no later than **December 15, 2009**.

AUDITING REQUIREMENTS

Primary Audit Coverage. Primary audit coverage pertains to carriers that had claims expenses of \$125 million or more in the previous contract year. The applicable carriers that have elected Option 2 must submit, in addition to audited financial statements as of and for September 30, 2009, a report on compliance with laws, regulations and internal controls, in accordance with

Generally Accepted Government Auditing Standards (GAGAS), and a report on the application of certain agreed-upon-procedures.

Secondary Audit Coverage. Secondary audit coverage pertains to carriers that had claims expenses of less than \$125 million in the previous contract year. The applicable carriers that have elected Option 2 in the Guide must submit audited financial statements as of and for September 30, 2009. However, they are not required to provide a report on compliance with laws, regulations and internal controls nor agreed-upon-procedures. It is important to note that carriers that would otherwise be subject to secondary audit coverage may, at the contracting officer's discretion, be made subject to some primary audit coverage.

Please submit two copies of the Audited FY 2009 financial statements to:

U.S. Office of Personnel Management
Center for Financial Services
Trust Funds Group
Attention: Melanese Wynn
1900 E Street NW, Room 3H35
Washington, DC 20415-0001

If you have any questions about the requirements for the FY 2009 financial statements and/ or the SSB, please direct them to Melanese.Wynn@opm.gov of the Trust Funds Group at (202) 606-4498. The fax number to be used is 202-606-1338.

Sincerely,

Kay T. Ely
Associate Director
Human Resources Products and Services

Enclosures