
FEHB Program Carrier Letter
All FEHB and PSHB Carriers

U.S. Office of Personnel Management
Healthcare and Insurance

FEHB PSHB

Letter Number 2024-04

Date: February 8, 2024

Fee-for-service [4]

Experience-rated HMO [4]

Community-rated HMO [2]

**Subject: Federal Employees Health Benefits and
Postal Service Health Benefits Programs Call Letter**

Updated August 5, 2024

Introduction

This is our call for benefit and rate proposals for Federal Employees Health Benefits (FEHB) and Postal Service Health Benefits (PSHB) Program Carrier Applicants (for brevity, referred to throughout this document as Carriers). This combined call letter outlines OPM’s policy goals and initiatives for benefit and rate proposals from Carriers in the 2025 Plan Year. OPM is excited to launch the PSHB Program, with the inaugural plan year effective January 1, 2025. The PSHB Program will provide health benefits coverage for Postal Service employees, annuitants, and their family members. OPM welcomes all PSHB Carrier Applicants and looks forward to launching this new Program with you.

Submission of Proposals

Carriers must submit their benefit and rate proposals on or before May 31, 2024, for the contract term beginning January 1, 2025. OPM expects to complete benefit negotiations by July 31, 2024, and rate negotiations by mid-August to ensure a timely Open Season. As a reminder, Call Letter responsiveness is evaluated by a Contracting Officer as an element of Plan Performance Assessment (PPA) for all Carriers.

Call Letter Instructions

The Call Letter outlines benefits policy and strategic initiatives of importance to Carriers, unless specifically noted as applying to one of the two Programs. Please note that the Technical Guidance, which we expect to issue in the near future, will include information that differs for FEHB Carriers and PSHB Carriers on some points, such as the procedure for submitting proposals. Carriers are directed to pay close attention to the relevant sections of the Call Letter and the respective Technical Guidance for the Program(s) to which they intend to submit proposals.

FEHB and PSHB Program Benefits and Initiatives

OPM's primary areas of focus for the upcoming plan year for Carriers are:

- FEHB and PSHB Coordination with Medicare
- FEHB Prescription Drug Coverage
- PSHB Prescription Drug Coverage, and
- Fraud, Waste, and Abuse.

Unless otherwise specified, [previous guidance](#) remains in force and applies to both the FEHB and PSHB Programs. As noted above, OPM will assess Carriers' responsiveness to the Call Letter through the contract negotiation process and Carriers' results on PPA measures.

Reminder of Administration Priorities and Prior Initiatives

As areas of ongoing interest, OPM expects Carriers to provide quality options for gender affirming care and services, maternal health, fertility, obesity management, mental health and substance use disorder treatment, and telehealth benefits as addressed in [Carrier Letter 2022-03](#), [Carrier Letter 2023-04](#), and the upcoming Technical Guidance. Additionally, OPM expects Carriers to adhere to previous guidance issued in 2023 and 2024 such as [Carrier Letter 2023-12](#) (gender affirming care and services), [Carrier Letter 2023-15](#) (mental health and substance use disorder treatment), [Carrier Letter 2023-01](#) (obesity management), and more recently, [Carrier Letter 2024-03](#) (contraception). OPM

also expects a continued focus on managing pharmacy costs, and all Carriers should carefully review the most current Consolidated Pharmacy Benefits Guidance Carrier Letter.

I. FEHB and PSHB Coordination with Medicare

All Carriers must implement a multi-pronged educational outreach effort to eligible enrollees focused on Medicare coordination, including the potential effects of the Income Related Monthly Adjustment Amount (IRMAA). In addition to outbound member communication and education, OPM expects Carriers to provide enrollees with timely access to customer service via telephone, online chat, and email, particularly related to members enrolled in Medicare Employer Group Waiver Plans (EGWPs).

For members enrolled in EGWPs, pharmacy claims must be adjudicated at the point of sale using processes seamless to the member. Neither the member nor the pharmacy should have to determine which benefit adjudicates at the lowest cost-share.

Moreover, in all instances, FEHB and PSHB Program members for whom Medicare is primary must receive drug coverage equal to or greater than the drug coverage they would have received without a Prescription Drug Plan (PDP) EGWP.

Member Transparency Tools

OPM remains strongly committed to transparency and the provision of cost-effective care to FEHB and PSHB members. As OPM continues its focus on fostering pharmacy price transparency, OPM expects Carriers to ensure that prescription drug transparency tools for current and prospective enrollees of FEHB and PSHB plans accurately reflect the formulary and benefit priorities for the current and upcoming contract year. As such, current and prospective enrollees must have convenient access to information, including but not limited to, formularies, tiering, member cost-share, and utilization management requirements for covered prescription drugs during Open Season and throughout the plan year. Additionally, OPM continues to encourage Carriers to

implement enhanced provider tools such as electronic prior authorization and real-time benefit tools (RTBT) for the provider to view accurate pharmacy benefits coverage and exchange clinical information. This results in quicker prior authorization turnaround times, reduced prescription abandonment rates, and increased member satisfaction. As stated in [Carrier Letter 2023-03](#), Carriers must continue to assess and improve the member experience through the implementation of innovative solutions and technologies.

Pass-Through Transparency

Fee-For-Service and Experience-Rated HMO Carriers with non-capitated arrangements must ensure that your contracted Pharmacy Benefit Manager can demonstrate they have passed through 100 percent of rebates, indirect and direct subsidies, remuneration, and any other payments collected on behalf of Carriers for all Medicare-eligible medical and pharmacy benefits to OPM.

Pharmacy Section of Technical Guidance

The Technical Guidance will include information on how Carriers offering PDP EGWPs and/or MA-PD EGWPs should submit their proposals regarding PDP EGWP and MA-PD EGWP coordination. CMS approval documentation associated with PDP EGWP and/or MA-PD EGWP must be included in your proposal.

II. FEHB Prescription Drug Coverage

FEHB and Creditable Coverage

OPM requires FEHB Carriers to provide prescription drug benefits that meet [CMS requirements](#) for Creditable Coverage. FEHB Carriers are required to continue offering Creditable Coverage in 2025. Any prescription drug benefit changes FEHB Carriers need to make to continue to meet the Creditable Coverage requirements in 2025 do not need to be cost neutral. This means Carriers have the option to change benefits, increase premiums, or a combination of both.

FEHB and Medicare Part D Coordination

OPM will continue to entertain FEHB proposals that include CMS-approved MA-PD EGWPs or PDP EGWPs as announced in [Carrier Letter 2023-02](#).

Automatic Group Enrollment

For Plan Year 2025, OPM will continue to accept proposals from FEHB Carriers that feature automatic group enrollment for PDP EGWPs. Eligible FEHB members who are auto-enrolled may choose to opt out as FEHB members are not required to enroll in Medicare Part D.

FEHB Carriers must ensure a seamless, customer-friendly approach for affected FEHB enrollees to opt out of the enhanced Medicare product. Plans may not complicate the opt-out process by requiring enrollees to take actions such as including a wet signature or sending a physical copy of documents through the mail. FEHB Carriers must comply with all requirements for group enrollment contained within [CMS guidance](#) and the [Medicare Prescription Drug Benefit Manual](#), including those requirements contained in the [PDP Enrollment and Disenrollment Guidance](#). Changes to the Medicare Prescription Drug Benefit manual are highlighted in the [annual notice of technical changes from CMS](#).

FEHB Equivalent Benefits and Cost-Share

Again, in all instances, FEHB Program members for whom Medicare is primary must receive drug coverage equal to or greater than the drug coverage they would have received without a PDP EGWP. FEHB annuitants enrolled in a PDP EGWP must have formulary access to all drugs covered under the corresponding FEHB formulary at the same or lower cost-share than they would have otherwise been responsible for if they enrolled solely in the FEHB plan.

III. PSHB Prescription Drug Coverage

PSHB Prescription Drug Coverage

The Postal Service Reform Act (PSRA) requires that a Carrier's 2025 PSHB plan option must, in the initial contract year, provide medical and pharmacy benefits and associated cost-sharing that are equivalent to the benefits and cost-sharing, as determined by OPM, of that Carrier's 2025 FEHB plan option in the same geographic area. For the prescription drug benefit, this means that a 2025 PSHB plan option's formulary must provide access to all drugs covered under the 2025 FEHB plan option's formulary at the same cost-share. The exception for equivalence is for the coordination with Medicare Part D. With respect to Carriers offering a 2025 PSHB plan, where the Carrier is not offering a 2025 FEHB plan, OPM will review the 2025 PSHB plan proposal to ensure it is reasonable, considering the Carrier's 2024 FEHB plan offering.

PSHB and Medicare Part D

Each PSHB Carrier must provide prescription drug benefits to Medicare-eligible Postal Service annuitants and family members through a PDP EGWP or a contract with a PDP sponsor of a PDP EGWP as required by the PSRA. A PSHB Carrier may also submit a proposal to offer an MA-PD EGWP in addition to the PDP EGWP to its eligible Plan members. The premium charged by PSHB Carriers should reflect the cost of benefits provided, including those provided through the Medicare Part D EGWP. When using group enrollment, PSHB Carriers must comply with all of the requirements for group enrollment contained in [CMS guidance](#), including those requirements contained in the [PDP Enrollment and Disenrollment Guidance](#), the [Medicare Managed Care Manual](#), and the [Medicare Prescription Drug Benefit Manual](#). Again, updates for the Medicare Prescription Drug Benefit Manual are available through the [annual notice of technical changes from CMS](#).

PSHB Equivalent Benefits and Cost-Share

The PSRA requires PSHB Carriers, in the initial contract year, to provide benefits and cost-sharing that are equivalent to the benefits and cost-sharing of that Carrier's 2025 FEHB plan option, except to the extent needed to

integrate Medicare Part D prescription drug benefits. PDP EGWP formularies must, at a minimum, include the same covered drugs under the plan's formulary. Furthermore, every drug covered under a plan option's formulary must be covered at the same or lower cost-share by the plan's PDP EGWP formulary. In circumstances where equivalent drug benefits and cost-sharing (not actuarial equivalence) cannot be met due to limitations in integrating Medicare Part D prescription drug benefits, PSHB Carriers must provide justification explaining why they cannot meet this standard.

IV. Fraud, Waste, and Abuse

Family Member Verification

Carriers are responsible for preventing, detecting, investigating, and reporting instances of fraud, waste, and abuse (FWA) within the FEHB and PSHB Programs. Carriers and employing offices share the responsibility to ensure family member eligibility, recognizing that coverage of ineligible family members can lead to improper payments, including erroneous or fraudulent claims. Carriers are reminded of their authority under [FEHB regulations](#), which enables the process of removing ineligible individuals from Self Plus One and Self and Family enrollments.

OPM has provided guidance to FEHB Carriers on removing ineligible family members from enrollments in [Carrier Letter 2020-16](#). PSHB Carriers must also follow all [prior Carrier Letter guidance](#) and regulations, unless specifically stated otherwise. The guidance details the process for requesting proof of family member eligibility for existing enrollments, the documents that can be used, and actions that Carriers can take based on the response received to a request for verification of eligibility. PSHB Carriers will need to address any related actions through the Postal Service Health Benefits System. All Carriers are also reminded of [Carrier Letter 2021-06](#), which directs Carriers to obtain proof of family member eligibility before adding a new family member to an existing Self and Family enrollment.

Carriers play important roles in ensuring family member eligibility as an additional way to prevent FWA and reduce costs.

V. Technical Guidance

The 2024 Technical Guidance will provide greater detail on the initiatives described in this Call Letter, as well as guidance on submission of benefit and rate proposals and preparation of brochures. As mentioned at the beginning of this Call Letter, please follow the instructions carefully, as the rules for submission for FEHB plans differ from PSHB plans.

Conclusion

OPM's goal for both the FEHB and PSHB Programs is to provide quality, affordable, and equitable health benefits for Federal and Postal Service employees, FEHB and Postal Service annuitants, their family members, and other eligible persons and groups. Continuous open and effective communication between OPM contracting staff and Carriers should occur to ensure a smooth and successful negotiation cycle. All Carriers should discuss all proposed benefit changes with their FEHB and PSHB Health Insurance Specialists. FEHB and PSHB Health Insurance Specialists will coordinate with each other to ensure benefit consistency.

OPM looks forward to the negotiations for the upcoming contract year, and thanks all Carriers for their commitment to the FEHB and PSHB Programs.

Sincerely,

Laurie Bodenheimer
Associate Director
Healthcare and Insurance