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## FEHB Program Carrier Letter Experience-Rated Carriers

U.S. Office of Personnel Management  
Healthcare and Insurance

FEHB ☒      PSHB ☒

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**Letter Number 2025-10**

**Date: July 29, 2025**

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Fee-for-service [8]

Experience-rated HMO [8]

Community-rated HMO [X]

### **Subject: Guidance for Audited Financial Statements for Federal Fiscal Year 2025**

The 2025 *FEHB and PSHB Programs Financial Reporting and Audit Guide* ("Guide") presents detailed requirements for financial reporting due from all Federal Employees Health Benefits (FEHB) Program and Postal Service Health Benefits (PSHB) Program Experience-Rated Carriers, including auditing requirements.

The U.S. Office of Management and Budget (OMB) requires that all Federal agencies, including the Office of Personnel Management (OPM), publish their financial statements by November 14, 2025, to meet the fiscal year (FY) requirements. To meet this deadline, OPM has worked closely with many carriers to develop the Guide, containing financial reporting and auditing requirements applicable to carriers.

### **FY 2025 Financial Reporting Requirements**

As presented in the Guide, all FEHB and PSHB Experience-Rated Carriers must submit a Federal FY Schedule of Selected Balances (SSB) no later than **1 pm Eastern Time on October 8, 2025**. The SSB enables OPM to prepare FEHB and PSHB Programs financial statements within OMB's deadline.

Carriers must provide the SSB on the Excel spreadsheet, provided as a separate document with the Guide.

As indicated in the Guide, the financial information that carriers subject to primary and secondary audit coverage, as defined below, must prepare by June 30, 2025 is a key component of the auditing approach adopted by OPM's independent auditors. These carriers must also provide an explanation for each line item of the SSB with a percentage variance from the previous year's quarter exceeding **five percent (5%) if greater than \$2.5 million and ten percent (10%) if greater than \$1.0 million**, respectively. Auditing the SSB reports is not required.

The financial information must be as of and for June 30, for the six- or nine-month period in accordance with the financial reporting Option selected by the carrier (either Option 1 or 2).

OMB Circular A-123, "Management's Responsibility for Internal Control," assigns responsibility to all agencies for establishing and maintaining internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. A management official from each carrier subject to primary and secondary audit coverage must provide OPM with a letter documenting how it met or did not meet this responsibility. The documentation must cover internal controls for the period of October 1, 2024, through August 31, 2025. This report is due no later than close of business on September 8, 2025. Report of any subsequent events for the Federal FY ending on September 30, 2025, is due no later than close of business on October 7, 2025.

## **Auditing Requirements**

All carriers that have elected Financial Reporting Option 2 described in the Guide must submit 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. This requirement is in addition to the audited financial statements as of and for September 30, 2025.

**Primary Audit Coverage.** Primary audit coverage pertains to carriers with claims expenses of \$650 million or more in contract (calendar) year 2024. Among other requirements outlined in the Guide, these carriers must ensure that their Independent Public Accountants (IPAs) receive the *Audit Instructions* package described in the Guide and perform the procedures within the timeframes therein.

**Secondary Audit Coverage.** Secondary audit coverage pertains to carriers with claims expenses of less than \$650 million in contract (calendar) year 2024. Carriers subject to secondary audit coverage and carriers within their first contract year are not required to have their IPAs perform the procedures in the *Audit Instructions* package.

## **Improper Payments Reporting Agreed Upon Procedures Update, Appendix D**

The Payment Integrity Information Act of 2019 (PIIA) requires Federal agencies to improve efforts to identify and reduce government-wide improper payments and increase payment integrity across Federal programs. The OMB published OMB Memorandum M-21-19, Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement (Appendix C), on March 5, 2021. Under Appendix C, Agencies are required to assess all programs and activities with annual outlays greater than \$10M and identify those that are susceptible to significant improper payments, defined as “a payment that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements”. Agencies are also required to report improper payments estimates on those programs and activities using a statistically valid sampling and estimation methodology plan (S&EMP). An S&EMP is considered statistically valid if it produces a point estimate and confidence intervals around those estimates.

All Experience-Rated Carriers are required to provide their IPA's documentation of the application of the Improper Payment Reporting Agreed-Upon Procedures (AUP) contained in Appendix D of the Guide. It must include a statistically valid estimate of the combined amount of

improper payments and unknown payments made by the carrier; it is based on dollars rather than number of occurrences. It must also include specified root cause categories of improper payments and unknown payments.

To maintain standard reporting, all Experience-Rated Carriers must perform the AUPs in Appendix D of the Guide; OPM will not consider alternate procedures designed to produce similar results. The standardized reporting results are to be reported in the OPM AUP Reports spreadsheet. This standardized data is needed for OPM to calculate the improper payment and unknown payment rate estimate for the Experience-Rated Carriers in the FEHB and PSHB Programs.

Please submit the required financial statements and OPM AUP Reports spreadsheet by email, using the instructions outlined in the Guide.

If you have any questions about the requirements for financial reporting or the improper payments reporting agreed upon procedures, please email OPM as follows: FEHB Program questions should be emailed to [Ins-Carriers@opm.gov](mailto:Ins-Carriers@opm.gov) and [FEHBIP@opm.gov](mailto:FEHBIP@opm.gov), with a copy to your Health Insurance Specialist. PSHB Program questions should be emailed to [OCFO-PSHB@opm.gov](mailto:OCFO-PSHB@opm.gov) and [FEHBIP@opm.gov](mailto:FEHBIP@opm.gov), with a copy to your Health Insurance Specialist.

Sincerely,

D. Shane Stevens  
Associate Director  
Healthcare and Insurance

Enclosures

2025 FEHB and PSHB Financial Reporting and Audit Guide