

**Part 3**

**2025 Community Rating  
Reconciliation  
Instructions**

## 2025 Reconciliation Instructions

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## 2025 Reconciliation Instructions

### FEHB/PSHB

This document contains the 2025 Community Rating Reconciliation Instructions for FEHB and PSHB Carriers. FEHB and PSHB plans must be rated separately based on the population covered. Throughout this document, references to FEHB are references to FEHB plans, references to PSHB are references to PSHB plans, **and any reference to "FEHB/PSHB" should be read as referencing the two types of plans separately, not combined.**

### Reconciliation Instructions

A final rate reconciliation must be performed for any carrier terminating its contract with the FEHB/PSHB.

If you are a large FEHB/PSHB carrier or a small FEHB/PSHB carrier which filed as a large FEHB/PSHB carrier, you must submit reconciliation documents (Attachments III – VI) by April 30 of the terminating year.

If you are a small FEHB/PSHB carrier with Federal group income over \$2,000,000 in the year previous to your terminating year, you must complete Attachments III, IIIA, IIIB and V for the final year and keep them on file and available for OPM review. You must notify OPM of any amount owed or due as a result of the final reconciliation by April 30 of the terminating year or within 30 days of your notice to OPM of your termination, whichever is later.

Any amount owed to OPM will be confirmed in a formal letter and must be paid by a check within 60 days of receiving the letter. Any amount owed to the carrier will be paid by OPM, limited to the amount available in the contingency reserve as of December 31 of the terminating year.

OPM requires an annual reconciliation be performed because most carriers estimated their rates at the time of proposal. Rates must be recalculated based on each carrier's **actual** 2025 community rates to determine if money is due the carrier or OPM. For carriers that are state-mandated to rate FEHB/PSHB with Traditional Community Rating (TCR), in reviewing the reconciliation, one of the most significant processes for the FEHB/PSHB is to examine the rate development of Similarly-Sized Subscriber Groups (SSSGs). **The information about SSSGs contained in this document does not apply to carriers who are not state-mandated to TCR.**

## 2025 Reconciliation Instructions

### Reminders:

You must follow your community rated methodology used for large groups to rate FEHB/PSHB. When you submit your reconciliation, please include documentation of your methodology that supports your rate buildup.

### Subscriber Enrollment and Contract Renewal Dates

Group subscriber size for the selected SSSGs in the reconciliation should be determined on the same day as FEHB/PSHB's subscriber size and based on the most recent enrollment available, but not later than March 31 of the current year. If a group purchases both a TCR product(s) and a non-TCR product(s), only the enrollment in the TCR product(s) may be used to determine if the group is an SSSG.

For the 2025 rate year, the specific guidelines for SSSGs are as follows:

1. Subscriber counts for the FEHB/PSHB group and the SSSGs should be based on the latest 2025 enrollment available to the carrier up to March 31, 2025.
2. The contract **renewal date** for the SSSGs must be between July 2, 2024 and July 1, 2025.

## Attachment III Instructions

### Attachment III Instructions

#### Lines 1 – 5 (All Carriers)

Please complete the "Attachment III" tab in the accompanying Excel file. Please provide any additional backup in an Excel file and **keep all of the formulas in the spreadsheet**. You may add worksheets to "Reconciliation Tables Attachments III and IIIA.xlsx" to help demonstrate your rate buildup.

#### 1. **Actual 2025 FEHB/PSHB Rates Before Loadings**

Complete the appropriate Backup Line 1 Form in the accompanying Excel file or provide an equivalent document.

Enter the final Self, Self Plus One, and Self and Family rates from the Backup Line 1 Form on Line 1 of Attachment III.

#### 2. **Special Benefit Loadings**

If the Special Benefit is offered only to FEHB/PSHB enrollees and the cost was approved by OPM in the 2025 proposal, it cannot be changed in the reconciliation. Enter the Special Benefit Loading from the 2025 proposal on Line 2 of Attachment III.

If the Special Benefit is a community-rated benefit, complete the Special Benefits Loading Form in the accompanying Excel file and enter the loading on Line 2 of Attachment III.

#### 3. **FEHB/PSHB Rates plus Special Loadings**

Line 3 of Attachment III is the sum of Lines 1 and 2.

#### 4a. **Extension of Coverage**

If entitled to the Extension of Coverage Loading, multiply Line 3 by 0.004 (or the same factor used in the proposal) and enter the result on Line 4a of Attachment III.

#### 4b. **Medicare Loading**

Since most of a carrier's other groups cover annuitants through Medicare Advantage Plans or Medicare Supplement Plans, the Medicare Loading adjusts a carrier's premium to provide the correct income attributable to FEHB/PSHB annuitants age 65 and older.

### **Attachment III Instructions**

The carrier must calculate the cost of benefits for the FEHB/PSHB annuitants and compare the cost with the income it receives from OPM and Centers for Medicare and Medicaid Services (CMS) that is attributable to these annuitants. If a carrier receives more income than the cost of benefits for FEHB/PSHB annuitants age 65 and over, the Medicare Loading should be negative. If the carrier receives less income than the cost of benefits, the loading should be positive.

Coordination-Of-Benefits (COB) income, or any other income received from CMS, must be considered when calculating the loading. A carrier using a claims-based ACR method will normally not have a Medicare Loading.

If entitled to the Medicare Loading, complete the Medicare Loading Form in the accompanying Excel file or attach an equivalent document.

If the loading was derived using estimated community rates, recalculate the loading using the actual community rates and the latest Medicare enrollment distribution available. Also, if estimated revenue from CMS was used to derive this loading, recalculate using the CMS approved numbers. **Include a copy of the original derivation so we can easily see the difference between the estimated and actual loading.**

A carrier claiming a Medicare Loading must have appropriate documentation to justify the distribution of its Medicare population submitted in QG8 of the questionnaire.

Enter the loading on Line 4b of Attachment III.

#### **4c. Subtotal**

Line 4c of Attachment III is the sum of Lines 3, 4a, and 4b.

#### **4d. FEIO/PSIO Approved Premium Underpayment Percent**

Carriers who have applied and been approved by your Contracting Officer to receive a Premium Underpayment Loading in the 2025 rates may apply the loading here. On Line 4d enter the approved loading as a percentage.

#### **4e. Premium Underpayment Loading [(4c)x(4d)]**

Line 4e of Attachment III is the result of multiplying Line 4c by Line 4d.

## Attachment III Instructions

### 5a. Total 2025 FEHB/PSHB Rates Before Discount

Line 5a of Attachment III is the sum of Lines 4c and 4e.

### 5b. Discount

Enter the amount of discount, if any, on Line 5b(i) or Line 5b(ii) of Attachment III. An SSSG discount may be adjusted at the time of reconciliation to reflect the actual discount applied. Other discounts may not be adjusted. Line 5b(i) only applies to carriers that are state mandated to TCR.

### 5c. Final 2025 FEHB/PSHB Rates

Line 5c of Attachment III is the total of Lines 5a and 5b.

## Large Carrier Instructions – Lines 6 – 13

The following instructions apply only to **large carriers** (or small carriers filing as large carriers). Small carriers should follow the instructions on the next page.

### 6. Contract Rates - 2025

Enter the biweekly, net-to-carrier contract rates agreed to during the summer of 2024 on Line 6 of Attachment III. These rates are not the brochure rates (which are the net-to-carrier rates times 1.04).

### 7. Difference

Line 7 of Attachment III is the result of subtracting Line 6 from Line 5c.

### 8. March 31, 2025, Enrollment

Please Leave This Line Blank; it will be completed by OPM's actuarial staff based on the March 31, 2025 semi-annual headcount.

### 9. Payment Due Carrier/(FEHB/PSHB)

Please leave this line blank; it will be completed by OPM's actuarial staff.

### 10. Subtotal Amount Due Carrier/(FEHB/PSHB)

Please leave this line blank; it will be completed by OPM's actuarial staff.

### 11. Outstanding Amount Due Carrier/(FEHB/PSHB)

Please leave this line blank; it will be completed by OPM's actuarial staff.

## **Attachment III Instructions**

### **12. Brochure Printing Costs**

Complete the Brochure Printing Costs Form in the accompanying Excel file and provide backup documentation.

Enter the Total Allowable Costs from the Brochure Printing Costs Form on Line 12 of Attachment III.

### **13. Total Amount Due Carrier/(FEHB/PSHB)**

Please leave this line blank; it will be completed by OPM's actuarial staff.

## **Small Carrier Instructions – Lines 6 - 13**

The following instructions apply only to **small carriers**. Large carriers should follow the instructions on the previous page.

### **6. Contract Rates - 2025**

Enter the rates on Line C of Attachment I of the original 2025 rate proposal on Line 6 of Attachment III.

### **7. Difference**

Line 7 of Attachment III is the result of subtracting Line 6 from Line 5c.

### **8. March 31, 2025, Enrollment**

Enter the March 31, 2025, Table 1 enrollment numbers on Line 8; the Table 1 report is the enrollment data the carrier submits to OPM in April.

### **9. Payment Due Carrier/(FEHB/PSHB)**

Line 9 is the result of multiplying Line 7 by Line 8 by 26 to achieve a total payment due carrier/(FEHB/PSHB).

### **10. Subtotal Amount Due Carrier/(FEHB/PSHB)**

Line 10 is the sum of the Self, Self Plus One, and Family amounts on Line 9.

### **11. Outstanding Amount Due Carrier/(FEHB/PSHB)**

This is any amount due the carrier or OPM from previous years. As an example, suppose OPM owed the carrier \$50,000 last year, and the 2025 rates were purposely increased to pay the carrier this debt. In the 2025 rate reconciliation, \$50,000 would be placed on Line 11 of Attachment III.



## Attachment III Instructions

### 12. Brochure Printing Costs

Complete the Brochure Printing Costs Form in the accompanying Excel file and provide backup documentation. Enter the Total Allowable Costs from the Backup Form on Line 12 of Attachment III.

### 13. Total Amount Due Carrier/(FEHB/PSHB)

Line 13 of Attachment III is the sum of Lines 10, 11, and 12.

The amount on Line 13 will be used to determine 2025 rate adjustments. You will place the 2025 rate adjustments on Line B of your 2026 rate proposal sheet (Attachment I) which will be sent at a later date. An example of how the rate adjustment may be computed is presented below.

Example:

Assume the amount on Line 13 is \$76,000. A Self, Self Plus One, and Self and Family loading equivalent to \$76,000 must be calculated. Suppose the carrier expects the FEHB/PSHB group enrollment in 2026 to increase by 10 percent over the 2025 enrollment of 200 Self, 300 Self Plus One, and 400 Self and Family contracts. Then, the adjustment could be \$1.57 Self, \$2.98 Self Plus One, and \$3.62 Self and Family, since:

$$[220 \times \$1.57 \times 26] + [330 \times \$2.98 \times 26] + [440 \times \$3.62 \times 26] \approx \$76,000$$

OPM will allow flexibility in determining the amount of the rate adjustment based on reasonable enrollment assumptions. All assumptions will be subject to audit or verification at a later date. Therefore, all supporting calculations for the FEHB/PSHB group's rates and the SSSG's rates must be kept on file.

## Attachment IIIA Instructions

### Attachment IIIA Instructions

#### Backup Form Instructions

**The presentation of your rate buildup to OPM must represent how you actually build your rates.**

On all Backup forms, including those found in your accompanying Excel file as well as additional files provided by you, please indicate in a step-by-step manner, including calculations, how you got from your starting point (in the TCR and Community Rating by Class (CRC) cases, this is usually a capitation rate) to the billed rates. If Adjusted Community Rating (ACR) rating is used, utilization or claims experience data must be included.

Examples on the following pages serve as a guide only. Do not hesitate to elaborate in your presentation. *Please be sure to maintain backup documentation for all calculations.* This documentation will be subject to audit at a future date. Use additional sheets if necessary. **Carriers using ACR should keep in mind the following is only an example, and more information may be needed to clearly explain the rate process.**

The SSSG Comparison form in the accompanying Excel file must be filled out by carriers who are state-mandated to TCR. Other carriers should not fill out the form. In the form, the method by which the billed rates are developed for the SSSG and the FEHB/PSHB group should be illustrated. If the method used for the SSSG differs from that used for the FEHB/PSHB group, explain the difference.

#### Example of SSSG Comparison Sheet

Line Explanation	FEHB/PSHB Group	SSSG
1. Group Renewal Date	1-1-2025	1-1-2025
2. Rating Method (a)	TCR	TCR
3. Capitation (b)	\$100.00	\$98.00

### Attachment IIIA Instructions

Line Explanation	FEHB/PSHB Group	SSSG
4. Other Discounts	1.00	0.99
5. Total Discount (c)	0.99	0.99
6. 1 <sup>st</sup> Level Step-Up Factor (d)	1.30	1.30
7. <b>Self Rates</b> (e)	\$128.70	\$126.13
8. Self+1/Self Ratio	2.40	2.40
9. <b>Self+1 Rates</b>	\$308.88	\$302.71
10. Family/Self Ratio	2.80	2.80
11. <b>Family Rates</b>	\$360.36	\$353.16

- (a) If both methods are not the same, explain why.
- (b) **Important: If these capitation rates are not the same, explain why in QS6.**
- (c) **Important:** The FEHB/PSHB group receives at least the discount given to the SSSG. In this case, the SSSG received a total discount of 0.99. Therefore, the FEHB/PSHB group must receive a discount of at least 0.99. Note: The FEHB/PSHB group can receive a discount larger than the SSSG discount.
- (d) Show How Factors Are Derived
- (e)  $\$100 \times 0.99 \times 1.30 = \$128.70$

## Attachment IIIA Instructions

### Example of Backup Line 1 Form – ACR

This example shows one way you might present your ACR rate development. You should modify this example to fit your particular ACR procedure.

**The method you use to rate FEHB/PSHB must be documented.** A carrier using ACR must use a method based on utilization data or a prospective method based on actual FEHB/PBHB claims data. The method must be completely and clearly explained. Additional documentation from carriers using ACR, such as, the carrier's documented rating manual, written rating policies and procedures, and/or state-filed rating methodology may be requested. If a carrier does not file or does not have a documented rating manual or methodology, OPM may require the rate development of other groups to establish what rating method the carrier uses in practice.

Step	Line Explanation	FEHB/PSHB Group
a.	Rating Method	ACR
b.	Group Renewal Date	1/1/2025
c.	Experience Period	1/1/2023-12/31/2023
	Claims Incurred through	12/31/2023
	Claims Paid Through	3/1/2024
d.	Claims	\$11,851,200
	Completion Factor*	0.9876
	Completed Claims	
	Before CMS Reimbursement	\$12,000,000
	After CMS Reimbursement	\$10,000,000
e.	Annual Trend**	12.00%
f.	Trend From Experience Period to Renewal Period	25.44%
	Show how you obtained the percentage.	$(1 + .12)^{(24/12)} - 1$
g.	Expected Claims [(d) x [1 + (f)]]	12,544,000
h.	Administration (if different, explain)***	14.00%
i.	Claims + Administration [(g)/(1-(h))]	\$14,586,047

### Attachment IIIA Instructions

Step	Line Explanation	FEHB/PSHB Group
j.	Member Months	100,000
k.	PMPM Rates [(i)/(j)]	\$145.86
l.	First Level Step-Up Factor	1.2
m.	Bi-weekly Self Rates [(l) x (k) x 12/26]	\$80.78
n.	Self+1/Self Ratio	1.9
o.	Self+1 Rates [(m)x(n)]	\$153.48
p.	Family/Self Ratio	2.6
q.	Family Rates [(m) x (p)]	\$210.03
r.	Other Discount	1.26%
s.	Rates After Discount	Self \$79.76
		Self+1 \$151.55
		Family \$207.38

\* The same set of completion factors must be supported through the documentation of your rating methodology.

\*\* The trend factor must be supported through the documentation of your rating methodology.

\*\*\* The administrative factor must be supported through the documentation of your rating methodology.

## Attachment IIIB, Section 1 – General Questionnaire

### Attachment IIIB, Section 1 – General Questionnaire

#### General Questions

QG1. What method of community rating did you use in your 2025 rate proposal?

- ☐ TCR (Traditional Community Rating)
- ☐ Standard (Book) Rating
- ☐ Variable (Group Specific) Rating
- ☐ CRC (Community Rating By Class)
- ☐ ACR (Adjusted Community Rating)

QG2. Is the method you have used for the 2025 reconciliation the same as the method used in the 2025 proposal?

- ☐ Yes
- ☐ No

If No, explain

QG3. Do your Line 1 rates reflect any tax, fee, or monetary payment imposed on the carrier by a state or local government?

- ☐ Yes
- ☐ No

If Yes, have you included a negative loading in the Special Benefits Section of the reconciliation?

- ☐ Yes
- ☐ No

If No, explain why

QG4. Are the Special Benefit Loadings given in the reconciliation the same as they were in the proposal?

- ☐ Yes
- ☐ No

If No, explain

QG4A. Do you have any Special Benefit Loadings which are contracted to an outside source?

- ☐ Yes
- ☐ No

If Yes, explain which benefits. Also for TCR plans, if Yes and an SSSG was given a rate discount, the loading for this benefit does not have to be discounted for the FEHB/PSHB as long as the SSSG did not have this benefit.

QG5. Are you required to file your community rates or rating methodology with any State regulatory agency?

- ☐ Yes
- ☐ No

QG6. If you answered Yes to QG5, have you highlighted the appropriate community rates on the copy of the insurance department filing that you

## Attachment IIIB, Section 1 – General Questionnaire

have enclosed?

☐ Yes ☐ No

If No, explain

If Yes, what is the page number of the insurance department filing on which the appropriate rates appear (please number the pages by hand if necessary)? \_\_\_\_\_

QG7. If you use different rating methods (i.e. TCR, CRC, ACR) for different groups, describe your criteria for the use of each method.

QG8. Show the number of FEHB/PSHB annuitants and their covered spouses covered by the plan aged 65 and older using the following categories:

Medicare Coverage	Counts
Medicare Part A and Part B	
Medicare Part A Only	
Medicare Part B Only	
Neither Part A nor Part B	
Cannot Determine	

What date is the above count as of? \_\_\_\_\_

Notes: The sum of the numbers in the 5 categories above should be the total number of FEHB/PSHB annuitants and their covered spouses in the plan aged 65 and older. If you have revised your Medicare Loading in this reconciliation, you should be using the above distribution.

QG9. If you have revised your Medicare Loading in this reconciliation, explain how you obtained the distribution in QG8. Also, what is the source of this distribution? Note that this source material must be on file with the carrier, and available to OPM auditors.

QG10. Does your HMO have a Medicare Advantage Plan with CMS?

☐ Yes ☐ No

If Yes, explain the arrangement you have with CMS. Describe all benefit packages you offer enrollees under the Medicare Advantage Plan, and the premiums (if any) these enrollees pay the HMO.

QG11. Does your HMO sell a Medicare supplement policy?

☐ Yes ☐ No

If Yes, describe the benefit packages of any Medicare supplement policies you offer and the premiums charged for them.

QG12. If you answered Yes to either question QG10 or QG11 and do not use a claims based ACR method to compute your rates, did you use the cost

## **Attachment IIIB, Section 1 – General Questionnaire**

data from your Medicare risk or supplement policy to calculate your Medicare Loading?

☐ Yes

☐ No

☐ N/A

If No, explain why

QG13. In the 2025 Proposal did FEHB/PSHB receive any discounts, underwriting adjustments, or concessions other than an SSSG discount?

☐ Yes

☐ No

If Yes, what is the discount?

If Yes, did you apply the discount to FEHB/PSHB in the reconciliation?

☐ Yes

☐ No

If No, explain why



## Attachment IIIB, Section 2 – SSSG Questionnaire

### SSSG Questions

To be completed by all carriers who are state-mandated to TCR. CRC plans should skip to QC1 on page 25 and ACR plans should skip to QA1 on page 29.

QS1. Did you choose to provide a list of 10 potential SSSGs in the 2025 rate proposal?

☐ Yes      ☐ No

If yes, relist them here in the same order as listed in the proposal; if no, skip to question QS4.

Keep in mind that your SSSG selection is subject to audit. Therefore, we expect you to maintain complete rate documentation for at least the 10 groups closest in contract size to the FEHB/PSHB group.

Name	Contracts at Proposal		Contracts at Reconciliation		Group Eligible at the time of Reconciliation	
	Contracts	Date	Contract s	Date	Yes	No
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						

QS2. What is the source of the enrollment information given in QS1? Note that this source material must be on file with the carrier, and available to OPM auditors.

QS3. If any of the groups listed above are no longer eligible to be SSSGs, please provide an explanation.

QS4. What are the five groups you do business with that are closest in total contract size to the FEHB/PSHB group? Include information on the FEHB/PSHB group.

## Attachment IIIB, Section 2 – SSSG Questionnaire

Also, **include groups that are not eligible to be SSSGs.**

Group	Total # of Contracts	Effective Rate Date	Rating Method	Group Eligible (Yes or No)
<b>FEHB/PSHB Group</b>				
<b>1.</b>				
<b>2.</b>				
<b>3.</b>				
<b>4.</b>				
<b>5.</b>				

If any of the groups above are not eligible to be SSSGs, please explain.

QS5. Name the selected SSSG.

QS6. How do the benefit packages and rates for your SSSG differ from the FEHB/PSHB group?

Please ensure that when we finish reading your explanation to this question that it is clear why the FEHB/PSHB rates differ from the SSSG rates. If you have included rate development sheets for these groups, do not refer us to these sheets at this point. What we want in this answer is a simple explanation of how the SSSG rates differ from the FEHB/PSHB group rates.

The SSSG Comparison Sheet example on page 11 shows the capitation for the FEHB/PSHB group is \$100, but only \$98 for the SSSG. The explanation in response to this question could be as follows:

SSSG Capitation	\$ 98.00
Adjustment for "Gold Plan"*	<u>\$ 2.00</u>
FEHB/PSHB Group Capitation	\$100.00

\* The FEHB/PSHB group has the "Gold Plan," which includes extra psychiatric benefits and a durable medical equipment benefit. The SSSG has the "Silver Plan," which is the "Gold Plan" without the aforementioned extra benefits. The capitation for these benefits is as follows:

Psychiatric Benefit	\$1.50
DME Benefit	<u>\$ .50</u>
Gold Plan Extra Benefits	\$2.00

**Note:** The above example enables us to see precisely why the capitation for the SSSG is different from the FEHB/PSHB group's capitation. The goal of your explanation is to make any such differences in capitation rates clear.

QS7. What method of community rating (TCR, CRC, ACR) did you use to rate the

## Attachment IIIB, Section 2 – SSSG Questionnaire

following groups?

FEHB/PSHB Group	SSSG

QS8. What is the rating region used to determine the SSSG?

QS9. Does at least 5% of the SSSG enrollment reside in the FEHB/PSHB Rate Code Area?

☐ Yes                      ☐ No    If No, please explain

QS10. Did the SSSG receive any type of discount, or any other type of rate advantage over the FEHB/PSHB group? (Note that we interpret an industry factor less than what is supported by your rating methodology as a discount factor).

☐ Yes                      ☐ No

If Yes, explain what kind of discount or rate advantage the SSSG received.

If Yes, did you apply the discount to the FEHB/PSHB group?

☐ Yes                      ☐ No                      If no, explain why

If Yes, what is the discount as a percentage?

If Yes, was the discount as a percentage applied to the entire rate?

☐ Yes                      ☐ No                      If no, explain why

QS11. Did you use **projected** demographics for the SSSG's rate and/or step-up factors?

☐ Yes                      ☐ No

If Yes, explain why you used these projections, and show what the factors would be if you had used actual enrollment data. Projected demographics may be used only if there is a clear justification for expecting a change in the enrollment characteristics.

QS12. Did you rate the SSSG using a method other than that used for the FEHB/PSHB group?

☐ Yes    ☐ No

If Yes, explain why and provide your underwriting guidelines.

QS13. Are the capitation rates shown on the Backup SSSG Comparison Sheet Form the same for the FEHB/PSHB group and the SSSG?

☐ Yes                      ☐ No                      If no, explain why (see QS6)

QS14. Has your organization merged with a subsidiary organization or made an acquisition of a new carrier, insurance company or health plan within the past year?

☐ Yes                      ☐ No

## **Attachment IIIB, Section 2 – SSSG Questionnaire**

If Yes, have you included the health plans from the merged or new organization in your SSSG consideration?

☐ Yes

☐ No

If no, explain why

QS15. In determining if a group is the SSSG, did you only include the enrollment in TCR products to determine the size of the group?

☐ Yes

☐ No

## Attachment IIIB, Section 3 –TCR Questionnaire

### TCR Questions

(Answer only if the carrier uses TCR to develop rates)

QT1. On what type of community rate did you base your 2025 rates for the FEHB/PSHB group and other groups?

☐ Standard set of tiered rates applicable to all groups with a tiered rate structure

Standard Self Rate = \_\_\_\_\_

Standard Self+1 Rate = \_\_\_\_\_

Standard Family Rate = \_\_\_\_\_

☐ Per member/per month capitation rate

PMPM Capitation Rate = \_\_\_\_\_

You may check both blocks if you use a standard set of tiered rates which are derived from a capitation rate.

☐ Other (Explain)

QT2. If you used a capitation rate for 2025 and converted it to a Self rate, Self Plus One rate, and a Self and Family rate using step-up factors, what are these step-up factors? Specifically, what is the step-up factor used to convert the capitation rate to the self rate? What is the step-up factor used to convert the self rate to the self+1 rate and to the family rate?

Self = \_\_\_\_\_    Self+1 = \_\_\_\_\_    Family = \_\_\_\_\_  
Capitation                      Self                      Self

☐ N/A (Do not use step-up factors) **Go To Question QT6**

QT3. Are the above step-up factors the same as those used in the 2025 rate proposal which you submitted in May 2024?

☐ Yes                      ☐ No

If No, is the reason because you revised community-wide demographics after the 2025 rate proposal was made (and used the revised step-up factors for the SSSG)?

☐ Yes                      ☐ No

If No, what was the reason for the change in the step-up factors?

QT4. How did you derive the above step-up factors? Explain briefly (a numerical formula for each factor is the preferred form of explanation).

Example: Self/Capitation =  $.40 + .30(2) + .30(3.9)$  = 1.20

$.40 + .30(2.1) + .30(2.6)$

### Attachment IIIB, Section 3 –TCR Questionnaire

QT5. Do you use step-up factors for all groups?

☐ Yes ☐ No

If No, explain the criteria you use to determine when step-up factors are applicable.

QT6. If you use enrollment-mix or other demographic assumptions at any point in the development of the 2025 FEHB/PSHB group rates, including development of step-up factors, what are they?

% Self Contracts \_\_\_\_\_

% Self+1 Contracts \_\_\_\_\_

% Self and Family Contracts \_\_\_\_\_

Family Size \_\_\_\_\_

Other: \_\_\_\_\_

What is the "as of" date of the above enrollment? \_\_\_\_\_

QT7. Are the demographic assumptions in QT6 the same as they were in the 2025 rate proposal?

☐ Yes ☐ No ☐ N/A

If No, or NA, is the reason because you revised community-wide demographics after the 2025 rate proposal (and used the revised demographics for the SSSG)?

☐ Yes ☐ No If No, explain

QT8. What is the source of your demographic information? Is the same source used for all groups? If not, where do you get the demographic information for other groups? Note: You must maintain the source of your demographic data on file for possible examination by the OPM audit staff.

## Attachment IIIB, Section 4 – CRC Questionnaire

### CRC Questions

(Answer only if the carrier uses CRC to develop its rates)

QC1. Did you begin with a capitation rate?

☐ Yes ☐ No

If Yes, what is the actual capitation rate (as opposed to your estimated capitation used in the proposal) on which the 2025 FEHB/PSHB group rates (Line 1 of Attachment III) should be based?

Capitation Rate = \_\_\_\_\_

If No, explain how you did begin

QC2. What CRC factors do you use?

☐ Age ☐ Sex ☐ Other \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_

QC3. What is your CRC adjustment factor? \_\_\_\_\_

Explain how you derived the CRC adjustment factor. **In particular, on what population data are the CRC utilization factors based? How often do you update the data on which the CRC utilization factors are based?**

QC4. Have you enclosed any worksheets (i.e. sheets showing age/sex distribution and relative utilization factors) you used to derive the CRC adjustment factors? **Please note that you must have documented support for the CRC age/sex factors.**

☐ Yes ☐ No

**If No, please enclose worksheets and change this answer to Yes.**

QC5. Is the CRC adjustment factor the same as it was in the 2025 rate proposal?

☐ Yes ☐ No If No, why not?

QC6. If you used a CRC-adjusted capitation rate for 2025 and converted it to a Self rate, a Self Plus One rate, and a Self and Family rate using step-up factors, what are the step-up factors? Specifically, what is the step-up factor used to convert the capitation rate to the self rate? What is the step-up factor used to convert the Self rate to the Self Plus One rate and to the Self and Family rate?

Self = \_\_\_\_\_ Self+1 = \_\_\_\_\_ Family = \_\_\_\_\_

Capitation

Self

Self

☐ N/A (Do not use step-up factors) **Go To Question QC10**

QC7. Are the above step-up factors the same as those used in the 2025 rate proposal, which you submitted in May 2024?

## Attachment IIIB, Section 4 – CRC Questionnaire

☐ Yes ☐ No

If No, is the reason because you revised community-wide demographics after the 2025 rate proposal?

☐ Yes ☐ No

If No, what was the reason for the change in the step-up factors?

QC8. How did you derive the above step-up factors? Explain briefly (we prefer a numerical formula for each factor here).

Example:

$$\text{Self/Capitation} = \frac{.40 + .30(2) + .30(3.9)}{.40 + .30(2.1) + .30(2.6)} = 1.20$$

QC9. Do you use step-up factors for all groups?

☐ Yes ☐ No

If No, explain the criteria you use to determine when step-up factors are applicable.

QC10. If you use enrollment-mix or other demographic assumptions at any point in the development of the 2025 FEHB/PSHB group rates, including development of step-up factors, what are they?

% Self Contracts \_\_\_\_\_

% Self+1 Contracts \_\_\_\_\_

% Self and Family Contracts \_\_\_\_\_

Family Size \_\_\_\_\_

Other: \_\_\_\_\_

What is the "as of" date of the above enrollment? \_\_\_\_\_

QC11. Are the demographic assumptions in QC10, the same as they were in the 2025 rate proposal?

☐ Yes ☐ No ☐ N/A

If No, or N/A, did you revise community-wide demographics after the 2025 rate proposal was made?

☐ Yes ☐ No If No, explain

QC12. Explain how you derive the "relative utilization factors" associated with your age/sex distribution sheet.

Note that we would expect the factors to be based on the utilization experience of the different age groups of the total employee population the carrier services. In some cases, a carrier might use factors based on some



## Attachment IIIB, Section 4 – CRC Questionnaire

other large population. Please make it clear to us exactly where your relative utilization factors come from, and on what population they are based.

- QC13. When you derive the CRC adjustment factor, do you include the number of FEHB/PSHB annuitants over age 65 anywhere in the calculation? In general, explain how you use the group of FEHB/PSHB annuitants (if at all) in your calculation of the CRC factor. **Important! Do not skip this question.**

☐ Yes

☐ No

If Yes, have you given us a credit for Medicare Reimbursement?

- QC14. Do you use an industry factor in your rating?

☐ Yes

☐ No

If Yes, did the FEHB/PSHB group receive a factor of 1.00 or less?

☐ Yes

☐ No

If No, explain

## Attachment IIIB, Section 5 – ACR Questionnaire

### ACR Questions

(Answer only if the carrier uses ACR to develop its rates)

QA1. What method of ACR did you use for your 2025 rate proposal?

☐ A Method Using Actual Claims Data

☐ Any Other Method (Go to QA12)

Are your claims captured for the ACR model in the same manner as the FEHB MLR filing?

☐ Yes

☐ No

Please describe any differences in the accounting of claims.

Note: You must have on file any claims/utilization data supporting the rates for the FEHB/PSHB group.

If your method used actual claims data, the claims data used to develop the FEHB/PSHB rates should be saved on an accessible computer medium (cartridge tape, CD-ROM, database archive, etc). This data used in the rate reconciliation must be maintained for the time period stated in the financial records section of your contract with OPM.

QA2. Did you use the same experience period (and the same claims within that period) in the reconciliation that you used in the proposal?

☐ Yes

☐ No

If No, explain. As a general rule, neither the experience period nor the claims should change between the proposal and the reconciliation.

QA3. Did you use the same trend that you used in the proposal?

☐ Yes

☐ No

If No, explain

What trend do you use in the reconciliation? \_\_\_\_\_

What trend did you use in the original proposal? \_\_\_\_\_

QA4. Is your trend supported through your rating methodology documentation?

☐ Yes

☐ No

If No, explain

QA5. If you use completion factors to derive incurred claims, are your completion factors supported through your rating methodology documentation?

☐ Yes

☐ No

☐ N/A

If No, explain

QA6. If you use completion factors to derive incurred claims, did the factor remain the same between the proposal and the reconciliation?

☐ Yes

☐ No

☐ N/A

If No, explain

QA7. What kind of administrative loading did you use?

## Attachment IIIB, Section 5 – ACR Questionnaire

☐ A flat community rated pm/pm administrative charge

☐ A percentage of claims

☐ Other

Explain how you computed the administrative charge.

QA8. Did the claims used in the rate development reflect special benefits?  
**Note: If special benefits were not included in the claims, please have on file claims/utilization reports to support this assertion.**

☐ Yes      ☐ No

QA9. Did you reduce claims used in the rate development by all COB income (e.g. prescription drug rebates, settlements, subrogation) that the carrier received from other insurance sources excluding CMS?

☐ Yes      ☐ No

If No, you should give us a credit for any monies received from other insurance carriers.

QA10. Do you include annuitants age 65-or-above in the claims or utilization data used to determine the ACR factor or rates?

☐ Yes      ☐ No

If No, you should include a standard Medicare Loading.

QA11. If you answered Yes to QA10, are CMS reimbursements included in the group's experience?

☐ Yes      ☐ No

If No, the Medicare Loading should be a credit for all monies received from CMS; if Yes, there should be no Medicare Loading.

**All Medicare funds collected on behalf of FEHB/PSHB annuitants must be applied to the FEHB/PSHB rates.**

QA12. Explain in narrative form how you derived your line 1 rates. Please include calculations. **Do not skip this section or refer us to another sheet; include here a clear explanation of your Line 1 rates.**

QA13. Please provide the credibility table that you use to build your 2025 reconciled rates.

QA14. Please provide the pooling table you use to build your 2025 reconciled rates.

QA15. Please tell us where in your submission we can find documentation for the following items in your rate buildup:

- Completion Factors:
- Pooling Level and Pooling Charge:
- Credibility:

### **Attachment IIIB, Section 5 – ACR Questionnaire**

- Trend:
- Retention/Administrative Charges:
- Fees:
- Any other factors unique to your buildup:

## Attachment IV ACR Questionnaire

### Attachment IV ACR Questionnaire

#### Documentation of 2025 Community Rates and Riders

##### (Large Carriers Only)

If the State requires the carrier to file its official community rates and rating methodology with the State insurance department, OPM requires a copy of this filing. If the insurance department must approve such a filing, also send us a copy of the approval. **Be sure to circle in red all rates and riders on the insurance filing that apply to the FEHB/PSHB.**

If the State does not require the carrier to file its community rates, we require some other form of documentation.

Acceptable documentation includes:

- 1) Rate development sheets
- 2) Written rating policies and procedures
- 3) Rating guidelines/manuals used by the carrier's rating personnel

The Reconciliation Questionnaire contains some questions pertaining to the rate development. Provide any backup documents that will enable us to better understand the answers to these questions.

## Attachment V

### Attachment V

#### Certificate of Accurate Pricing

For Community Rated Carriers (SSSG methodology)

This is to certify that, to the best of my knowledge and belief:

- 1) The cost or pricing data submitted (or, if not submitted, maintained and identified by the carrier as supporting documentation) to the Contracting Officer or the Contracting Officer's representative or designee in support of the 2025 FEHB/PSHB rates were developed in accordance with the requirements of 48 CFR Chapter 16 and the FEHB/PSHB contract and are accurate, complete, and current as of the date this certificate is executed; and
- 2) The methodology used to determine the FEHB/PSHB rates is consistent with the methodology used to determine the rates for the carrier's Similarly Sized Subscriber Group.

<b>Firm</b>	
<b>Name</b>	
<b>Title</b>	
<b>Signature</b>	
<b>Date</b>	

## Attachment V

### Certificate of Accurate Pricing

For Community Rated Carriers (MLR methodology)

This is to certify that, to the best of my knowledge and belief:

- 1) The cost or pricing data submitted (or, if not submitted, maintained and identified by the carrier as supporting documentation) to the Contracting Officer or the Contracting Officer's representative or designee in support of the 2025 FEHB/PSHB rates were developed in accordance with the requirements of 48 CFR Chapter 16 and the FEHB/PSHB contract and are accurate, complete, and current as of the date this certificate is executed.

<b>Firm</b>	
<b>Name</b>	
<b>Title</b>	
<b>Signature</b>	
<b>Date</b>	

## Attachment VI

### Attachment VI

#### Carrier Contacts

For information about your reconciliation, we should contact:

<b>Name/Title</b>	
<b>Phone Number</b>	
<b>E-mail</b>	

or

<b>Name/Title</b>	
<b>Phone Number</b>	
<b>E-mail</b>	