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**U.S. OFFICE OF PERSONNEL MANAGEMENT  
OFFICE OF THE INSPECTOR GENERAL  
OFFICE OF AUDITS**

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# **Final Audit Report**

**Claims Testing Audit of the Claim Processing Environment at  
American Postal Workers Union Health Plan**

**Report Number 1B-47-00-20-036**

**March 26, 2021**

# EXECUTIVE SUMMARY

## Claims Testing Audit of the Claim Processing Environment at American Postal Workers Union Health Plan

Report No. 1B-47-00-20-036

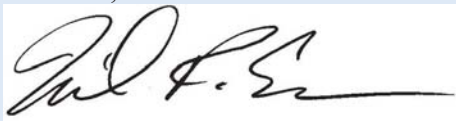
March 26, 2021

### Why Did We Conduct the Audit?

The objective of our limited scope performance audit was to determine if the American Postal Workers Union Health Plan (Plan) has adequate controls over its claims processing systems to ensure that services provided to its members are in accordance with the terms of its contract with the U.S. Office of Personnel Management, applicable laws, and regulations in regards to health benefit payments and the Plan's benefit brochure.

### What Did We Audit?

The Office of the Inspector General has completed a limited scope performance audit of the Federal Employees Health Benefits Program claims operations at the Plan. Specifically, we reviewed the results of test claims processed by the Plan for its High Option offering through its claims system to determine if its system properly adjudicated the claims. We reviewed the test claims to determine if the system properly applied member eligibility, member liability, and the Plan's benefit structure. Our audit was conducted virtually with the assistance of the Plan by our audit staff located in Washington, D.C.; Cranberry Township, Pennsylvania; and Jacksonville, Florida.



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*Assistant Inspector General  
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### What Did We Find?

Our audit found that the Plan's claims processing system properly adjudicated all of the test claims.

# ABBREVIATIONS

<b>5 CFR 890</b>	<b>Title 5, Code of Federal Regulations, Chapter 1, Part 890</b>
<b>Act</b>	<b>Federal Employees Health Benefits Act</b>
<b>Contract</b>	<b>Contract CS 1370 – The contract between the American Postal Worker Union Health Plan and the U.S. Office of Personnel Management</b>
<b>FEHBP</b>	<b>Federal Employees Health Benefits Program</b>
<b>HIO</b>	<b>Healthcare and Insurance Office</b>
<b>OIG</b>	<b>Office of the Inspector General</b>
<b>OPM</b>	<b>U.S. Office of Personnel Management</b>
<b>Plan</b>	<b>American Postal Worker Union Health Plan</b>

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# I. BACKGROUND

This final report details the results of our limited scope performance audit of the Federal Employees Health Benefits Program (FEHBP) claims processing and payment operations at the American Postal Workers Union Health Plan (Plan). The audit was performed virtually with the assistance of the Plan, located in Glen Burnie, Maryland, and consisted of our review of the Plan's claims processing environment to determine if its system properly adjudicated the claims.

The audit was conducted pursuant to the provisions of contract CS 1370 (Contract) between the U.S. Office of Personnel Management (OPM) and the Plan; Title 5, United States Code, Chapter 89; and Title 5, Code of Federal Regulations, Chapter 1, Part 890 (5 CFR 890). The audit was performed by OPM's Office of the Inspector General (OIG), as authorized by the Inspector General Act of 1978, as amended.

The FEHBP was established by the Federal Employees Health Benefits Act (Act), Public Law 86-382, enacted on September 28, 1959. The FEHBP was created to provide health insurance benefits for Federal employees, annuitants, and dependents. OPM's Healthcare and Insurance Office (HIO) has overall responsibility for administration of the FEHBP, including the publication of program regulations and agency guidance. As part of its administrative responsibilities, the HIO contracts with various health insurance carriers that provide service benefits, indemnity benefits, and/or comprehensive medical services. The provisions of the Act are implemented by OPM through regulations codified in 5 CFR 890.

The Plan entered into the Contract with OPM to provide Federal employees with health benefits. The Plan is a fee-for-service plan. Enrollment is open to all Federal and Postal Service employees and annuitants who are members or associate members of the American Postal Workers Union, AFL-CIO.

Compliance with laws and regulations applicable to the FEHBP is the responsibility of Plan management. In addition, the Plan is responsible for establishing and maintaining a system of internal controls.

The last audit of the Plan, resulting in report number 1B-47-00-01-080 (dated August 20, 2002), was performed over 15 years ago. Consequently, any findings associated with that audit were not considered for purposes of this audit.

The results of our audit were discussed with Plan officials throughout the audit. The results of the audit were communicated with the Plan via email on February 2, 2021. The audit did not result in any recommendations, and therefore we did not issue a draft report to the Plan.

# II. OBJECTIVES, SCOPE, AND METHODOLOGY

## **OBJECTIVES**

The objective of our limited scope performance audit was to determine if the Plan has adequate controls over its claims processing systems to ensure that services provided to its members are in accordance with the terms of the Contract, applicable laws, and regulations in regards to health benefit payments and the Plan's benefit brochure. Specifically, our audit focused on testing the Plan's claims processing environment through the use of test claims. This review was limited to the Plan's High Option offering and did not include the Consumer Driven Health Plan, which is administered by a third-party.

## **SCOPE AND METHODOLOGY**

We conducted our limited scope performance audit in accordance with the generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our limited scope performance audit included a review of test claims and not reviews of actual claims data. As a result, this audit does not preclude our ability to review actual claims in the future (beyond those precluded for record retention reasons).

Our audit was conducted virtually at our offices in Washington, D.C.; Cranberry Township, Pennsylvania; and Jacksonville, Florida with the assistance of the Plan from December 7, 2020, through February 2, 2021.

In planning and conducting our audit, we obtained an understanding of the Plan's internal control structure, as it relates to its claims processing system, to help determine the nature, timing, and extent of our auditing procedures. Our audit approach consisted mainly of substantive tests through the use of test claims data and not tests of controls. Based on our testing, we did not identify any significant matters involving the Plan's internal control structure and its operations, as it relates to its claims processing system. However, since our audit would not necessarily disclose all significant matters in the internal control structure, we do not express an opinion on the Plan's system of internal controls taken as a whole.

Our review of test claims also determined whether the Plan had complied with the Contract, the applicable procurement regulations (i.e., Federal Acquisition Regulations and Federal Employees Health Benefits Acquisition Regulations, as appropriate), and the laws and regulations governing the FEHBP as they relate to claim payments. The results of our tests indicate that the Plan is in compliance with the health benefit provisions of the Contract. With respect to items not tested, nothing came to our attention that caused us to believe that the Plan had not complied, in all material respects, with those provisions.

In conducting our audit, we relied to varying degrees on computer-generated data provided by the Plan. However, due to time constraints, we did not verify the reliability of the data generated by the Plan's claims system. While utilizing the computer-generated data during the audit, nothing came to our attention to cause us to doubt its reliability. We believe the data was sufficient to achieve our audit objectives.

Using Ability PC ACE/Pro 32 (software program), we developed a sample of 50 OIG test claims. Once the claims were developed we requested the Plan to process the claims in their claims testing environment. We then reviewed the results to determine if the Plan's claims system accurately applied member eligibility, member liability, and benefits as outlined in the Plan's benefit brochure.

### III. AUDIT RESULTS

The audit did not result in any recommendations related to the Plan's claims processing environment. Overall, we concluded that the Plan's claims system handled FEHBP claims in accordance with the Contract and applicable laws and regulations.





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