SAR 71 | DECEMBER 2 | 2024

OIG

OFFICE OF INSPECTOR GENERAL
OFFICE OF PERSONNEL MANAGEMENT

Open Recommendations *Brief*

THE BRIEF SUMMARIZES RECOMMENDATIONS THE OPM OIG ISSUED THAT HAVE BEEN OPEN FOR MORE THAN SIX MONTHS AS OF SEPTEMBER 30, 2024.

Inspector General Message

Addressing open recommendations has remained one of our priorities at OPM OIG. The recent update of OMB Circular A-50 regarding the audit resolution process has prompted renewed focus within the inspector general community on the status of open recommendations. The OPM OIG has long regarded the agency's history of open, unresolved recommendations to be a significant concern, and has worked closely with agency officials in several ways to improve the situation, with progress in some areas. For example, OPM's Office of the Chief Information Officer (OCIO) has made significant efforts to address open recommendations. There are still over 300 open recommendations that are more than six months old, however, some with considerable monetary issues. As discussed in this report, the processes put in place by OPM's Office of the Chief Information Officer could be a model for other program offices to adopt.

I look forward to continued engagement between the OPM OIG and OPM aimed at promoting the efficiency and effectiveness of OPM's programs and activities.

Priority Recommendations

Priority open recommendations warrant priority attention from OPM leadership because their implementation could significantly improve program management and payment integrity. All three of our current priority recommendations are focused on strengthening the Federal Employees Health Benefits Program to reduce costs and provide better services to Federal employees and their families.

1. **FEHBP Medical Loss Ratio (MLR) Requirements**
   In August of 2022, we issued a report on an audit of Kaiser Foundation Health Plan (Report No. 1C-59-00-20-043), including a recommendation that OPM revise or replace the FEHBP MLR requirements to provide a reliable measure of the premium dollars spent on the FEHBP program, including the impact of carrier corporate structure and the current community-rated product market. This audit report included 16 recommendations, including this one, which was the only recommendation issued directly to OPM, rather than to the health insurance carrier. Of the 16 recommendations, this is the only one that remains open. Addressing this recommendation would improve transparency and accuracy in the FEHBP MLR calculation, reducing the risk of inaccurate penalty payments or credit adjustments.

2. **Proactive Identification of Overpayments and Defining Egregious Errors**
   In April of 2021, we recommended that OPM modify Section 2.3(g) and 2.3(g)(ii) of the contract between OPM and FEHBP experience-rated insurance carriers to provide expectations for how carriers are to proactively identify overpayments and to define what it means by egregious errors. This recommendation was issued in a Management Advisory Report (Report No. 4A-HI-00-18-026) that examined FEHBP contractual vulnerabilities that introduce integrity risks. This recommendation in particular addresses contract language that is overly broad which opens the door for delays in identifying and recovering overpayments and fails to protect the FEHBP from paying for egregious errors committed by the carriers. The report included 11 recommendations which remain open nearly three years later.

3. **Lowering Prescription Drug Costs in the FEHBP**
   In March 2020, we issued a Management Advisory Report (Report No. 1H-01-00-18-039) in which we recommended that OPM conduct a new, comprehensive study by seeking independent expert consultation on ways to lower prescription drug costs in the FEHBP. This report included two recommendations which remain open over three years later. The recommended study is currently in process and should be completed soon.


Percent of FEHBP Dollars Spent on Prescription Drugs
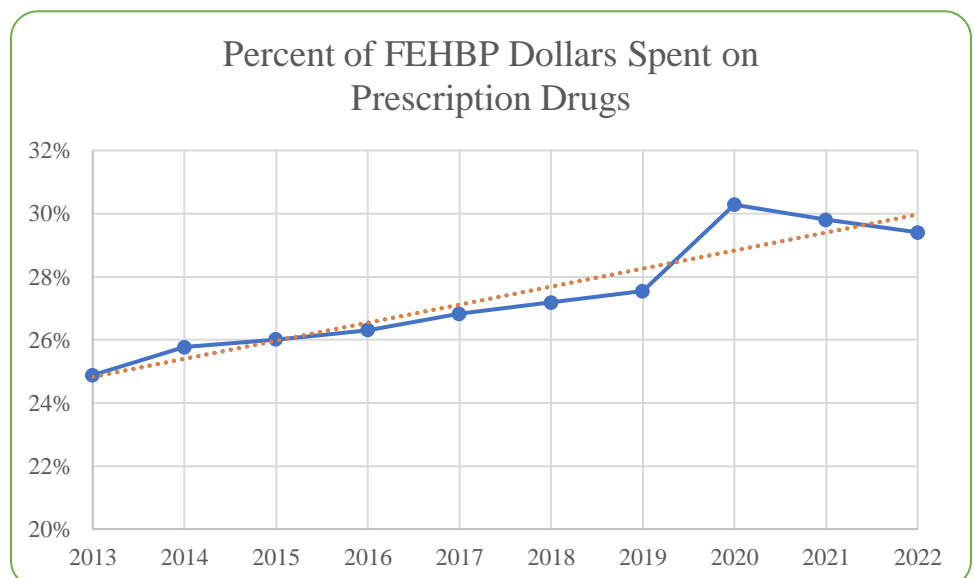
Figures in this chart encapsulate experience-rated fee-for-service Plans only.

Progress Toward Recommendation Closure Varies by Program Office

One program office has made significant progress in recommendation closure, while others are struggling, as the number of open recommendations mounts.

The State of Open Recommendations by the Numbers

Over the past two years, the total number of open recommendations has decreased from 407 to 306, a significant reduction of about 25 percent. However, this decrease is entirely due to the successful closure of 132 Information Technology (IT) recommendations between September 30, 2022 (264) and September 30, 2024 (132). Aside from IT recommendations, other open recommendations greater than six months old *increased* by 31 (143 to 174) during this two-year period.

IT Compared to Non-IT Open Recommendations
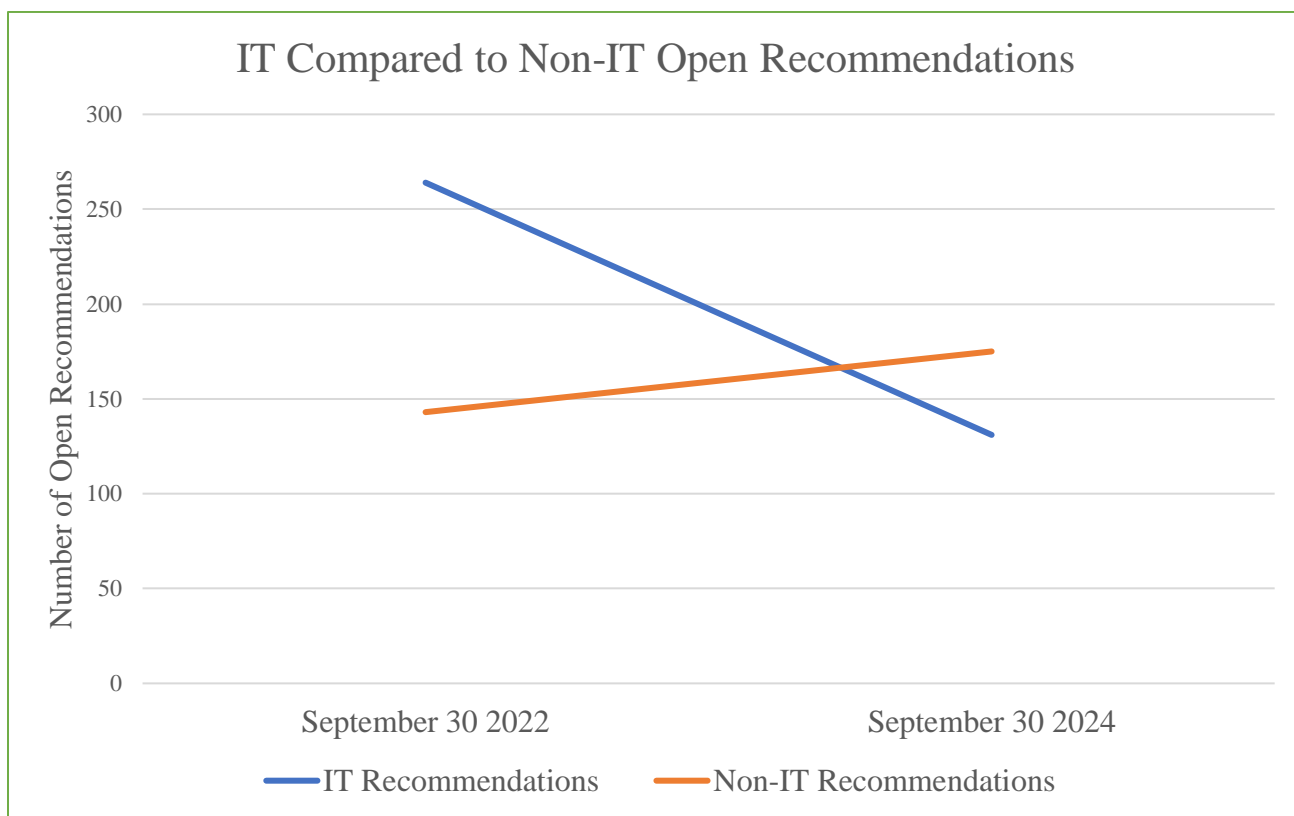
OCIO Has Made Significant Progress in Closing Open Recommendations

Over the past three years, the Office of the Chief Information Officer (OCIO) senior management team made a top-down commitment to dedicate resources, establish priorities, identify recommendation champions, and create various monitoring mechanisms to ensure appropriate action was taken to tackle long-standing recommendations. Prior to this, many of these open recommendations dated back a decade or more. The next page highlights some of the steps taken by the OCIO to reduce the number of open IT recommendations. Given the OCIO's success, we believe that the OCIO's audit coordination model could serve as a blueprint for other OPM business units to consider replicating.

OCIO as a Guidepost

This graphic highlights some steps taken by OCIO to reduce the number of long-standing open recommendations.

Audit Coordinator

New position works closely with the OIG to track audits and discuss steps for closing open recommendations.

Supported by Three Staff Members

Work with OCIO members to develop plans and take appropriate internal actions.

START

Performance Commitments

Performance standards for SES members of OCIO now include an element to address OIG recommendations.

Messaging

The entire OCIO workforce is encouraged to work with the OIG to effectively close recommendations.

Regular Communication

- The CIO and senior leaders meet monthly with the OIG to maintain a dialogue on open recommendations.

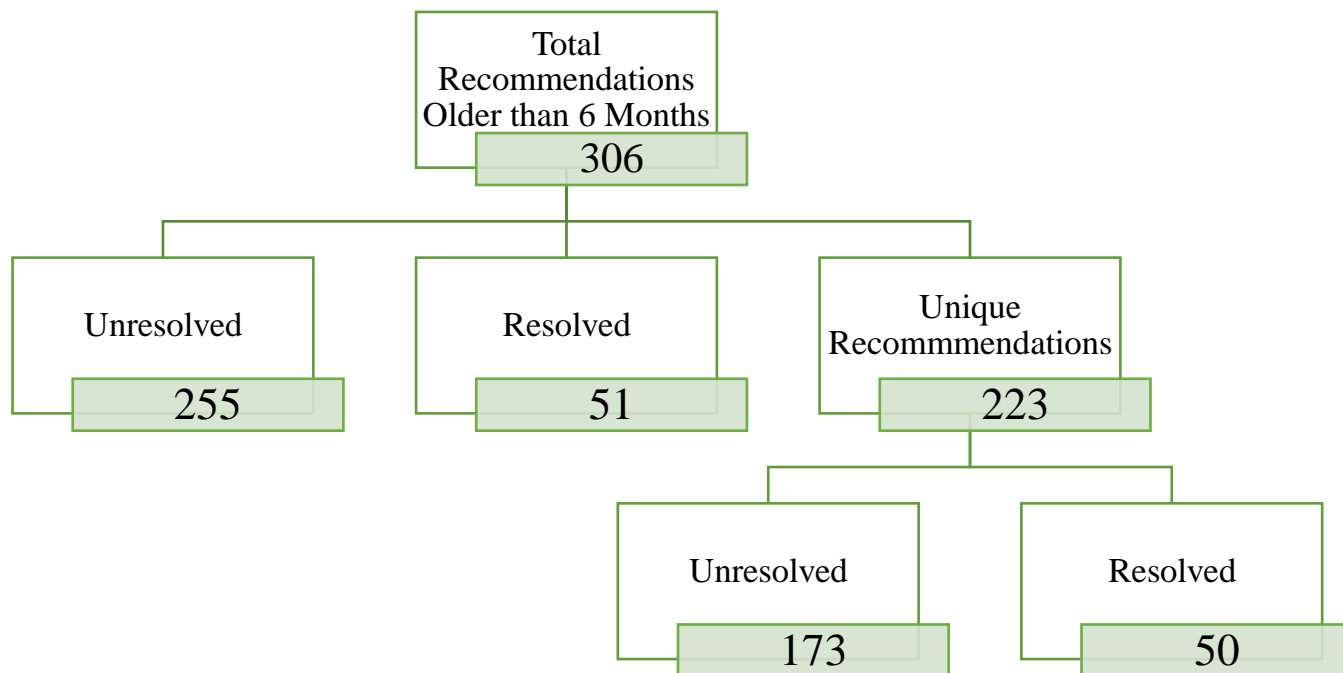- OCIO and OIG members meet biweekly to focus on granular level audit activities.

These efforts have thus far resulted in a 50% decrease in open IT recommendations.

PROGRESS

State of Affairs

As of September 30, 2024, there were *306* unimplemented recommendations over six months old, *223* of which are considered unique, contained in reports that the OIG had issued to the U.S. Office of Personnel Management.
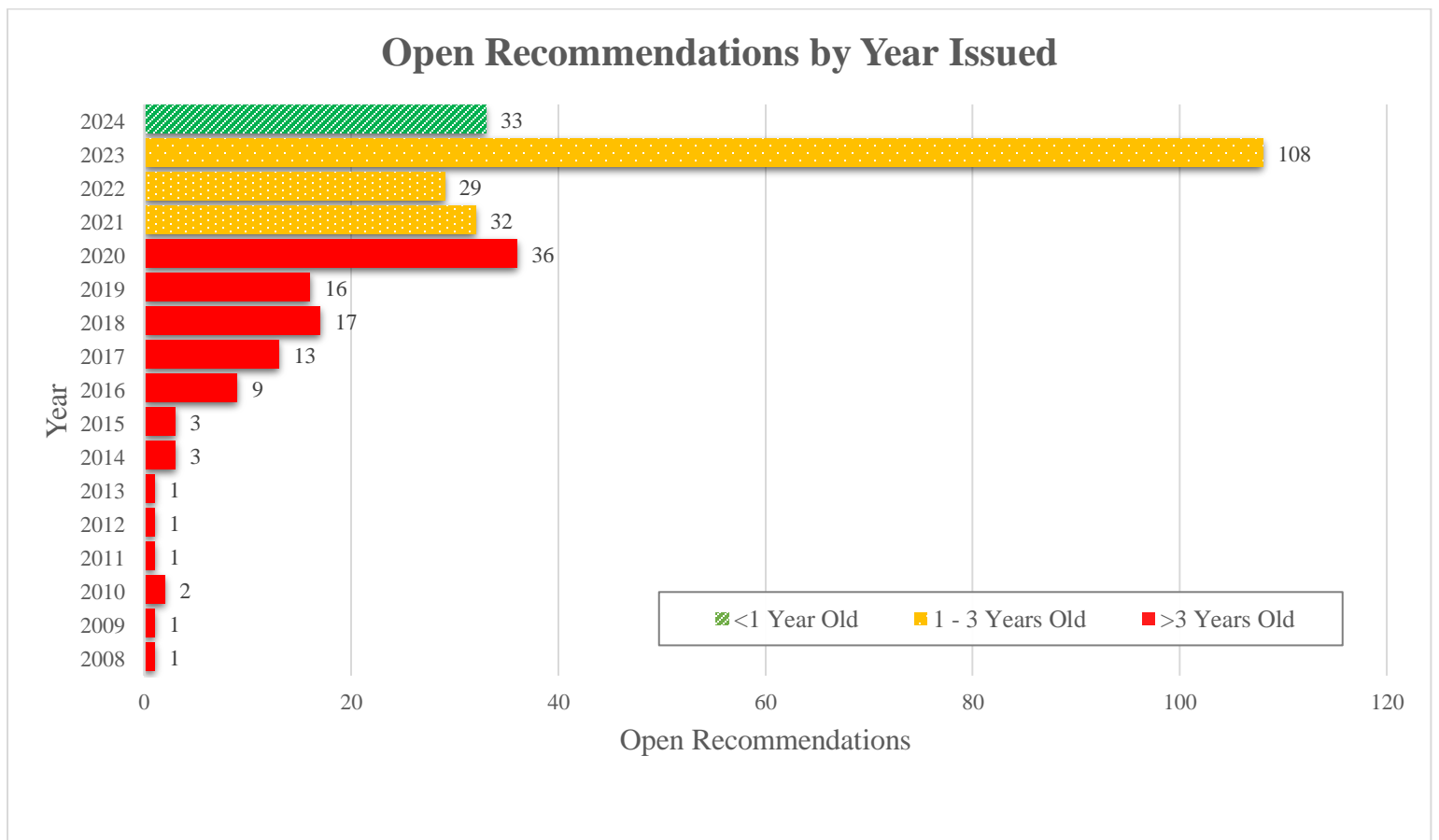
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                    ┌─────────────────────────┐
                    │ Total                   │
                    │ Recommendations         │
                    │ Older than 6 Months     │
                    │        306              │
                    └─────────────────────────┘
         ┌──────────────────┼──────────────────────┐
┌────────────────┐  ┌────────────────┐  ┌────────────────────┐
│ Unresolved     │  │ Resolved       │  │ Unique             │
│                │  │                │  │ Recommmendations   │
│      255       │  │      51        │  │      223           │
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                                   ┌───────────┴───────────┐
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                          │ Unresolved     │     │ Resolved       │
                          │      173       │     │      50         │
                          └────────────────┘     └────────────────┘
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Below is a table showing information on the reports issued with recommendations still open as of the end of this SAR period:

Type of Report	Number of Reports with Open Recommendations	Number of Open Recs. as of 09/30/2024	Number of Unique Recs. as of 09/30/2024
Internal Audits	10	30	27
IT Audits	29	132	53
Experience-Rated Insurance Audits	11	43	43
Community-Rated Insurance Audits	8	28	27
Other Insurance Audits	7	49	49
Evaluations	3	10	10
Management Advisories and Other Reports	4	14	14
Total	**72**	**306**	**223**

Below is a table showing the number of open procedural and monetary recommendations for each report type:

Type of Report	Procedural Recommendations	Monetary Recommendations	Value of Monetary Recommendations
Internal Audits	30	0	$0
IT Audits	132	0	$0
Experience-Rated Insurance Audits	19	24	$273,872,766
Community-Rated Insurance Audits	24	4	$13,895,097
Other Insurance Audits	38	11	$15,920,696
Evaluations	10	0	$0
Management Advisories and Other Reports	14	0	$0
Total	267	39	$303,688,559

Below is a chart that highlights the aging of open recommendations:

Open Recommendations by Year Issued

Year	Open Recommendations
2024	33
2023	108
2022	29
2021	32
2020	36
2019	16
2018	17
2017	13
2016	9
2015	3
2014	3
2013	1
2012	1
2011	1
2010	2
2009	1
2008	1

Legend: <1 Year Old | 1 - 3 Years Old | >3 Years Old

Caption: This bar chart is a stoplight chart. The bar for 2024 is green, to represent those recommendations open one year or less. The bars for 2023, 2022, and 2021 are yellow to represent those recommendations open between one and three years. All remaining bars, from 2020 through 2008, are colored red, to represent those recommendations open more than three years.

Below is a chart showing the number of open recommendations for each OPM program office or FEHBP contractor type:

Open Recommendations by Program Office

Program Office	Number of Open Recommendations
Office of the Chief Information Officer	113
Healthcare & Insurance	65
Experience Rated – BCBS	30
Community Rated	28
Retirement Services	16
Experience Rated – HMO	13
IT Sites – Non-BCBS	11
Office of Procurement Operations	8
Employee Services	8
Office of the Chief Financial Officer	6
Pharmacy Benefit Manager	3
IT Sites – BCBS	3
Agency-wide	2

Caption: This bar chart represents the number of open recommendations by OPM program office.

For more information, please visit our new **open recommendations dashboard**.

Report Fraud, Waste, and Mismanagement

Fraud, waste, abuse, and mismanagement in government concerns everyone: Office of the Inspector General staff, agency employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to OPM programs and operations. You can report allegations to us in several ways:

By Internet: https://oig.opm.gov/contact/hotline

By Phone: Toll Free Number: (877) 499-7295

By Mail: Office of the Inspector General
                 U.S. Office of Personnel Management
                 1900 E Street, NW
                 Room 6400
                 Washington, DC 20415-1100