



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

Flash Report

**THE U.S. OFFICE OF PERSONNEL MANAGEMENT'S
POSTAL SERVICE HEALTH BENEFITS PROGRAM:
CRITICAL RESOURCE ISSUES**

**Report Number 2025-PSHB-091
July 2, 2025**

OFFICE OF
PERSONNEL MANAGEMENT

EXECUTIVE SUMMARY

Flash Report of the U.S. Office of Personnel Management's Postal Service Health Benefits Program: Critical Resource Issues

Report No. 2025-PSHB-091

July 2, 2025

Why Are We Issuing This Report?

The primary objective of this report is to communicate our concerns regarding the U.S. Office of Personnel Management (OPM) not having the appropriate resources in place to ensure that the systems implemented for the Postal Service Health Benefits (PSHB) Program will remain fully staffed, supported, and funded during OPM's workforce optimization initiative. Specifically, the review objective was to determine whether OPM is continuing to follow appropriate laws, regulations, and guidance to implement the requirements of 5 United States Code (U.S.C.) Chapter 89 (Public Law 117-108), cited as the Postal Service Reform Act of 2022.

What Did We Review?

In accordance with the Inspector General Act of 1978, as amended, 5 U.S.C. § 404(a) and CIGIE's Quality Standards for Federal Offices of Inspector General (Silver Book), the OPM Office of the Inspector General completed this flash report to inform stakeholders on OPM's administration of the PSHB Program's continuity of IT system operations. We conducted this portion of the review from March 26, 2025, through June 12, 2025.



Michael R. Esser
*Assistant Inspector General
for Audits*

What Did We Find?

We found an emergent issue in OPM's administration of the PSHB Program. Specifically, OPM has not ensured that the systems it implemented for the PSHB Program will remain fully staffed, supported, and funded during its workforce optimization initiative. Our current reviews identified the following:

Resource Shortage to Administer the Health Benefits Data Platform.

The Postal Service interface system is used to track and automate processing of multiple data feeds. Operational failure of the data platform would prevent the electronic centralized enrollment process from functioning and no longer provide OPM with an authoritative source of PSHB Program enrollment data and impact the planned future expansion to Federal Employees Health Benefit (FEHB) Program enrollment data. Operational failure of the data platform would also prevent the flow of data from OPM's Carrier Connect system.

Insufficient Funding for the PSHB Program.

OPM does not have the appropriated funds to administer and support the PSHB Program, nor does it have a contingency plan to ensure continuity of operations for the PSHB Program in the absence of securing funding.

If the PSHB Program processes and systems cease operations or cannot be replaced with similar system functionality, the PSHB Program will be unable to process future qualifying life events, upcoming 2025 Open Season transactions, and expand central enrollment capabilities to the entire FEHB Program, as intended.

ABBREVIATIONS

Carriers	Health Insurance Issuers
Data Platform	Health Benefits Data Platform
DRP	Deferred Resignation Program
FEHB	Federal Employees Health Benefits
IT	Information Technology
OCIO	Office of the Chief Information Officer
OIG	Office of the Inspector General
OPM	U.S. Office of Personnel Management
PMO	Program Management Office
Postal Service	U.S. Postal Service
PSHB	Postal Service Health Benefits
PSRA	Postal Service Reform Act of 2022

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I. BACKGROUND

The U.S. Office of Personnel Management (OPM), Office of the Inspector General (OIG), has a duty to provide agency and oversight officials, Congressional stakeholders, and the public with expeditious reporting of potential risks and management concerns. Consistent with that duty, we are issuing this flash report, detailing critical resource issues identified in OPM's administration of the Postal Service Health Benefits (PSHB) Program. We relied upon the Council of the Inspectors General on Integrity and Efficiency Quality Standards for Federal Offices of Inspector General when preparing this flash report. We adhered to the professional standards of independence, due professional care, and quality assurance and followed procedures to ensure accuracy of the information presented. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

The PSHB Program was established within the Federal Employees Health Benefits (FEHB) Program by Public Law 117-108 – the Postal Service Reform Act of 2022 (PSRA), enacted on April 6, 2022. Section 101 of the PSRA added a new section, 8903c, to 5 United States Code Chapter 89 which directs OPM to establish the PSHB Program. The PSHB Program was authorized under the Title I Postal Service Financial Reforms provisions in the PSRA in furtherance of Congress's objective to "improve the financial position of the Postal Service while increasing transparency and accountability of the Postal Service's operations, finances, and performance." OPM issued a final rule on May 6, 2024, to set forth standards to implement Section 101 of the PSRA to establish the PSHB Program.

The PSHB Program is administered by OPM's Healthcare and Insurance Office, and the related information technology (IT) systems are supported by OPM's Office of the Chief Information Officer (OCIO) through agency work and related contracts. The PSHB Program was created to provide health insurance benefits for the U.S. Postal Service (Postal Service) employees, annuitants, and eligible dependents beginning on January 1, 2025. OPM developed an electronic centralized enrollment process simultaneously with the implementation of the PSHB Program. The centralized enrollment process (CEP) is an electronic enrollment solution for all PSHB stakeholder groups including enrollees, the Postal Service, other employing offices, and PSHB Carriers. The CEP is currently comprised of two systems which interface with multiple agencies and partners via the Health Benefits Data Platform (data platform).

The findings in this report are specific to resource issues related to the administration of OPM's data platform and PSHB Program funding. The intent of this flash report is to ensure OPM officials, and other PSHB Program stakeholders, are aware of the critical resource issues impacting the data platform and related processes so that OPM can take action to sustain its newly implemented PSHB Program processes for the upcoming PSHB Program open season and the intended expansion of these capabilities to the entire FEHB Program. A draft copy of the report was provided to OPM officials to elicit comments. Those comments have been included appropriately in this report.

II. IDENTIFIED ISSUES AND RECOMMENDATIONS

CRITICAL RESOURCE ISSUES

An emergent issue in OPM's administration of the PSHB Program is the continuity of IT system operations and functions while experiencing material losses of skilled personnel and funding. Specifically, OPM has not ensured that the systems it implemented for the PSHB Program will remain appropriately staffed, supported, and funded during its workforce optimization initiative.

Although prior interim audit reports issued during the implementation of the PSHB Program did not allude to continuity or funding issues, recent changes in the operating environment have led us to issue this flash report.

1. Resource Shortage to Administer the Health Benefits Data Platform

After recent reductions OPM lacks sufficient resources, specifically skilled personnel, to administer and support the Health Benefits Data Platform (data platform), which is a crucial component of OPM's administration of the PSHB Program.

On April 4, 2024, OPM entered a one-year contract with a digital services integrator to centralize PSHB Program data feeds onto a data platform. The purpose of the data platform is to track and automate processing of multiple data feeds, and support operational monitoring, reporting, and analytics. The platform hub houses health benefit enrollment data for approximately 1.7 million Postal Service enrollees with scalable technology to enable OPM to potentially service upwards of 6.5 million federal employees, annuitants, and eligible family members. The operation of the centralized enrollment system is reliant on the data platform. Operational failure is a significant concern since the centralized enrollment system serves as the authoritative source of PSHB Program enrollment data. The data platform ensures enrollee eligibility by exchanging inbound and outbound data streams with relevant federal agencies and providing real-time enrollment and premium transaction information to all employing agencies and participating PSHB health insurance carriers. If the platform fails, OPM will not be able to receive the data necessary to verify enrollment accuracy. Additionally, the data platform will be unable to intake new member data or out process members who are no longer eligible for coverage.

The data platform interfaces Postal Service and partner data at various intervals with agencies, partners, and systems listed in Table I on page 3.

Table I. Postal Agency and Partner Data Interfaced by Data Platform
Agency/Partner/System
The U.S. Postal Service
The U.S. Department of Agriculture, National Finance Center
The U.S. Social Security Administration
The U.S. Department of Labor, Office of Workers Compensation Program
OPM's Retirement Services
OPM's Postal Service Health Benefits System
OPM's PSHBP Carrier Connect System
OPM's Data Hub (Macon, Georgia)
OPM's Research and Oversight Repository

Prior to the PSHB Program's first benefit open season, which began November 11, 2024, OPM's Executive Steering Committee approved the OCIO to administer and support the data platform within OPM after expiration of the data platform's digital services integrator contract on April 3, 2025. The Postal IT Program Management Office (PMO) supporting the PSHB Program systems assessed a minimum of 11 positions for skilled personnel to administer the data platform and its other mission work was required. The OCIO had seven skilled personnel available to administer the data platform and its other mission work at the time. As such, the OCIO began recruiting and hiring needed talent to fill four vacancies. As of January 7, 2025, an offer and acceptance were received for one vacancy, but the offer was later withdrawn by OPM in response to the hiring freeze.¹ OPM also halted the hiring process for the remaining three vacancies as of January 20, 2025. In addition to the hiring freeze, OPM offered a deferred resignation program (DRP) on two separate occasions,² resulting in four deferred resignations from personnel on the Postal IT PMO, leaving only three staff to administer the data platform.

The loss of critical staff, in conjunction with the hiring freeze, risked operational failure of the data platform. This prompted OPM to allocate a Supervisory IT Specialist and an IT Specialist from another OCIO team to help facilitate the administration of the data platform and other mission work. However, the additional staff was only a temporary solution since both IT Specialists opted into the DRP. As of April 2025, the Postal IT PMO consisted of six people, three of which had DRP end work dates in May 2025. OPM management is responsible for making sure that the PSHB Program can still operate. Executive Orders

¹ By Presidential Memoranda, a freeze on the hiring of federal civilian employees, throughout the executive branch, was issued on January 20, 2025, and extended through July 15, 2025.

² As communicated by OPM, employees who accept deferred resignation should promptly have their duties re-assigned or eliminated and be placed on paid administrative leave until the end of the deferred resignation period (generally, September 30, 2025, unless the employee has elected another earlier resignation date), unless the agency head determines it is necessary for the employee to be actively engaged in transitioning job duties, in which case employees should be placed on administrative leave as soon as those duties are transitioned.

included in the Workforce Optimization Initiative and Hiring Freeze mandates provide flexibility, such as the allowance for mission critical functions to be exempted.

Without skilled personnel, the data platform is at risk of ceasing to operate, causing other system failures and limiting the functionality of implemented PSHB Program processes and systems. The effects of data platform operational failure include, but are not limited to, the loss of functionality for the electronic centralized enrollment process (CEP). Loss of the functionality of the CEP is of significant concern since it provides OPM with an authoritative source of PSHB Program enrollment data and future FEHB Program enrollment data. Enrollee eligibility data is exchanged with relevant federal agencies [see Table 1] via the CEP, facilitating real-time enrollment and premium transaction information to employing agencies and participating PSHB Program health insurance issuers (carriers).

Further, the OPM Carrier Connect system, a crucial system in the CEP, is used by carriers, to apply to provide benefits through the PSHB Program. It is designed to record the carriers' applications and document communication between OPM and the carriers. Carrier Connect enables OPM to negotiate rates, execute contracts, upload plan information, compare and learn about PSHB provider networks, formularies, and other important program information.

Due to the critical functions of the data platform, OPM must take immediate action to ensure that dedicated, skilled personnel are assigned to administer and support the data platform so that the PSHB Program remains operational for future qualifying life events, the upcoming 2025 Open Season, and for the expansion to the entire FEHB Program, as intended.

Recommendation 1

We recommend that OPM immediately address the skilled personnel shortages within the OCIO to ensure that the Health Benefits Data Platform remains operational for ongoing qualifying life events, PSHB Program 2025 Open Season and future expansion to the entire FEHB Program.

OPM Response

“OPM is committed to the successful operation of the [PSHB] Program. Accordingly, we have and will continue to work diligently to ensure adequate personnel and financial resources are available to sustain the program. Throughout OPM’s workforce restructuring, we have made changes in staff workloads and assignments as needed to maintain and operate systems, including the Health Benefits Data Platform, that are necessary for program operations. We will make future staffing adjustments if required for ongoing support of the Health Benefits Data Platform and other related systems.”

OIG Comment

We acknowledge OPM's statement that they are making adjustments prospectively to ensure adequate personnel and financial resources are available to support the Health Benefits Data Platform and other systems necessary to sustain operational functionality of the PSHB Program; however, no evidence was provided that would confirm that the changes address the finding and recommendation. Therefore, we cannot comment on the effectiveness of the referenced staffing adjustments and will continue to evaluate the staffing and financial resources during future oversight work.

2. Insufficient Funding for the PSHB Program

OPM does not have the necessary appropriated funds to administer and support the PSHB Program, nor does it have a contingency plan to ensure continuity of operations for the PSHB Program in the absence of securing funding.

On September 26, 2024, Congress passed Public Law 118-83, the Continuing Appropriations and Extensions Act, 2025, appropriating funds at the same level as Public Law 118-47, Further Consolidated Appropriations Act, 2024, except the following was added in Public Law 118-83, Sec. 131:

“Notwithstanding section 101, the matter preceding the first proviso under the heading ‘Office of Personnel Management-Salaries and Expenses’ in division B of Public Law 118-47 shall be applied by substituting ‘\$190,784,000’ for ‘\$219,076,000’ and the second provision under such heading in such division of such Act shall be applied by substituting ‘\$245,267,000’ for ‘\$192,975,000’.”

Through this budget anomaly³, OPM was granted an additional \$24 million in administrative expenses for the purpose of implementing the PSHB Program.

On March 15, 2025, Congress passed Public Law 119-4, the Full-Year Continuing Appropriations and Extensions Act, 2025, funding the federal government for the remainder of fiscal year 2025; however, Public Law 119-4 reverted to Public Law 187-47 (March 2024) which did not include OPM's budget anomaly for the PSHB Program, which was included in Public Law 187-83 (September 2024). As such, OPM does not have the funding to sufficiently administer and support the PSHB Program operations and processes. Further, when requested, OPM was unable to provide a contingency plan to ensure continuity of operations for the PSHB Program in the absence of securing funding. The lack of additional

³ The duration and amount of funds in the Continuing Resolution and purposes for which they may be used may be adjusted for specified activities or programs – for example, to provide that funds for a certain program be based on an amount different from the rate for the previous year. These adjustments are commonly termed “anomalies”.

funding, along with the absence of adequate time and planning necessary to sufficiently staff and train personnel or contract for needed services, risks rendering the implemented PSHB Program processes and systems unusable.

Some effects of the operational failure of the PSHB System are discussed previously in this report in Section 1. Further, if the PSHB Program processes and systems cease operations or cannot be replaced with similar system functionality, 1.7 million Postal Service enrollees will be unable to compare, select, and enroll in the PSHB Program online. Additionally, the loss of an electronic centralized enrollment process will hinder OPM's intended future use of the system for the approximately 6.5 million federal employees, annuitants, and eligible family members enrolled in the FEHB Program. The intended expansion to the FEHB Program would provide OPM with the ability to document enrollment eligibility and identify ineligible FEHB Program members, resulting in enhanced identification of improper payments, which by OPM's own estimates can total up to \$1 billion per year⁴.

Recommendation 2

We recommend that OPM assess available funding options and take identified steps to secure sufficient funding to maintain an electronic centralized enrollment process.

OPM Response

“With respect to funding, the OIG correctly notes that the FY 2025 continuing resolution did not include the budget anomaly OPM had requested. In response, OPM took actions to make sure that program operations would continue. First, we identified efficiencies in contracts supporting the program that allow us to reduce the cost of this support while maintaining adequate service. Second, we have been able to allocate savings generated by OPM's agency-wide efforts to find efficiencies towards PSHB Program requirements.”

OIG Comment

As previously noted, the OIG acknowledges OPM's statement that they will continue to work to ensure financial resources are available to sustain the PSHB Program; however, no evidence was provided to explain what contract efficiency cuts were made to reduce overall costs, and the re-allocation of those savings to maintain the centralized electronic enrollment process. As such, we cannot comment on the effectiveness of OPM actions to ensure continuity of operations for an electronic centralized PSHB enrollment process and potential expansion to the FEHB Program.

⁴ See the U.S. Office of Personnel Management's Top Management Challenges for Fiscal Year 2024
<https://www.oversight.gov/sites/default/files/documents/reports/2023-10/FY-2024-Top-Management-Challenges-Report.pdf>

Recommendation 3

We recommend that OPM establish a contingency plan to meet PSHB Program financial and procedural obligations in the absence of a fiscal year budget to ensure continuity of operations for an electronic centralized enrollment process.

OPM Response

“[W]e agree with the OIG that sustained funding for PSHB eligibility and enrollment functions is critical to the long-term success of this program. OPM has put forth a legislative proposal to allow access to a capped amount of mandatory funding annually from the Employees Health Benefits Fund to develop and maintain eligibility and enrollment systems for PSHB and FEHB. This proposal would provide consistent, stable funding for continued operation of the PSHB System and allow for potential expansion to FEHB.”

OIG Comment

We acknowledge OPM’s statement that a legislative proposal was put forth to secure a new source of funding to sustain the PSHB eligibility and enrollment functions and expand such function to the FEHB. We also note that the OIG collaborated with OPM on this legislative proposal last year. The FEHB Protection Act (H.R. 2193), which was cleared by the House Committee on Oversight and Government Reform in March 2025, includes that proposal and demonstrates Congressional interest in supporting a mechanism for centralized enrollment to reduce improper payments in the FEHB and PSHB. However, this bill is still under consideration in Congress, and the potential loss of current PSHB centralized enrollment system functionality in the short term could impede OPM’s ability to meet the intent of this proposed legislation if it is ultimately passed by Congress and signed into law by the President.

APPENDIX



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC
20415

June 10, 2025

MEMORANDUM FOR: Matthew Knupp
Group Chief
Community-Rated Audits
Group Office of the Inspector
General

FROM: Shane Stevens
Associate
Director
Healthcare and Insurance

SUBJECT: The U.S. Office of Personnel Management's Postal
Service Health Benefits Program: Critical Resource
Issues, 2025-PSHBP-091

Thank you for providing OPM the opportunity to respond to the Office of the Inspector General (OIG) draft flash report, The U.S. Office of Personnel Management's Postal Service Health Benefits Program: Critical Resource Issues, 2025-PSHBP-091.

OPM is committed to the successful operation of the Postal Service Health Benefits (PSHB) Program. Accordingly, we have and will continue to work diligently to ensure adequate personnel and financial resources are available to sustain the program. Throughout OPM's workforce restructuring, we have made changes in staff workloads and assignments as needed to maintain and operate systems, including the Health Benefits Data Platform, that are necessary for program operations. We will make future staffing adjustments if required for ongoing support of the Health Benefits Data Platform and other related systems.

With respect to funding, the OIG correctly notes that the FY 2025 continuing resolution did not include the budget anomaly OPM had requested. In response, OPM took actions to make sure that program operations would continue. First, we identified efficiencies in contracts

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supporting the program that allow us to reduce the cost of this support while maintaining adequate service. Second, we have been able to allocate savings generated by OPM's agency-wide efforts to find efficiencies towards PSHB Program requirements.

Finally, we agree with the OIG that sustained funding for PSHB eligibility and enrollment functions is critical to the long-term success of this program. OPM has put forth a legislative proposal to allow access to a capped amount of mandatory funding annually from the Employees Health Benefits Fund to develop and maintain eligibility and enrollment systems for PSHB and FEHB. This proposal would provide consistent, stable funding for continued operation of the PSHB System and allow for potential expansion to FEHB.

I appreciate the opportunity to respond to this draft report. If you have any questions regarding our response, please contact Holly Schumann, Principal Deputy Associate Director, Healthcare and Insurance, at holly.schumann2@opm.gov or 202-936-3330.

Sincerely,

Shane Stevens

Associate Director

Healthcare and Insurance



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