



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

Final Audit Report

**Audit of Tribal Participation in the
Federal Employees Health Benefits Program from
2018 through 2023**

**Report Number 2025-SAG-006
October 27, 2025**

EXECUTIVE SUMMARY

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Why Did We Conduct the Audit?

The three objectives of our audit were to determine if the U.S. Department of Agriculture's National Finance Center (NFC) properly administered the Tribal Insurance Processing System (TIPS) in accordance with the U.S. Office of Personnel Management's (OPM) Interagency and Service Level Agreements; if tribal employers properly emailed employees and paid premiums in accordance with the Federal Employees Health Benefits Program (FEHBP) requirements; and if OPM had proper controls in place to manage tribal participation in the FEHBP.

What Did We Audit?

The Office of the Inspector General has completed a performance audit of tribal participation in the FEHBP from 2018 through 2023. Our audit work included reviews of NFC's administration of TIPS; enrollment and premium payments to TIPS by tribal employers; and OPM's guidance and approval of tribes to participate in the FEHBP.



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Assistant Inspector General for Audits

What Did We Find?

We found that NFC generally administered TIPS in accordance with OPM's Interagency and Service Level Agreements, but there are three issues outlined below that need to be addressed by OPM and NFC for tribal participation in the FEHBP to be more efficient.

Specifically, our audit identified the following three findings that require corrective action. The findings are applicable to all years of the audit scope unless otherwise noted.

- Multiple enrollment errors and late terminations by tribal benefit officers have resulted in improper health benefit payments and erroneous premium refunds at a loss to the FEHBP.
- OPM has a surplus of \$15,971,300 in Operations and Maintenance Fees collected from tribal employers that it cannot use to fund TIPS. Instead, TIPS is funded by taxpayer dollars at an amount that is not sufficient to make the necessary improvements identified by both NFC and OPM to effectively administer tribal participation in the FEHBP.
- OPM did not maintain eligibility documentation to support its approval of tribes to participate in the FEHBP.

TIPS is capable of being self-funded through its Operations and Maintenance Fees, but it will require congressional approval for this to happen. Most of the issues identified during the audit are a direct result of TIPS being underfunded.

ABBREVIATIONS

ACA	The Patient Protection and Affordable Care Act
Act	Federal Employees Health Benefits Act
CBJ	Congressional Budget Justification and Annual Performance Plan
EHBF	Employees Health Benefits Fund
FEHB	Federal Employees Health Benefits
FEHBP	Federal Employees Health Benefits Program
H&I	OPM’s Office of Healthcare and Insurance
IAA	Interagency Agreement
IHCIA	Indian Health Care Improvement Act
IHCIA Extension	Indian Health Care Improvement Reauthorization and Extension Act of 2009
ISDEAA	Indian Self-Determination and Education Assistance Act
MOU	Memorandum of Understanding
NFC	U.S. Department of Agriculture’s National Finance Center
O&M	Operations and Maintenance
OIG	Office of the Inspector General
OPM	U.S. Office of Personnel Management
SCR	Software Change Request
SF 2809	Health Benefits Election Standard Form 2809
SLA	Service Level Agreement
TBO	Tribal Benefit Officer
TCSA	Tribally Controlled Schools Act
TIPS	Tribal Insurance Processing System

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REPORT FRAUD, WASTE, AND MISMANAGEMENT

I. BACKGROUND

This report details the results of our audit of tribal participation in the Federal Employees Health Benefits Program (FEHBP) from 2018 through 2023. The audit was conducted pursuant to the provisions of interagency agreements (IAA) NFC-18-OX43, NFC-19-OX43, NFC-20-OX43, NFC-21-OX43, NFC-22-OX43, and NFC-23-OX43 between the U.S. Office of Personnel Management (OPM) and the U.S. Department of Agriculture's National Finance Center (NFC). 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 eligible dependents.

The Indian Health Care Improvement Act (IHCIA) was signed into law on September 30, 1976. The purpose of the law was to implement federal responsibility for the care and education of American Indians and Alaska Natives by improving services and facilities of federal Indian health programs and encouraging maximum participation in such programs. The authorization of appropriations for the IHCIA expired in 2000.

On March 23, 2010, The Patient Protection and Affordable Care Act (ACA) was signed into law. Section 10221 of the ACA reenacts, amends, and permanently reauthorizes the IHCIA as the Indian Health Care Improvement Reauthorization and Extension Act of 2009 (IHCIA Extension). The IHCIA Extension entitles Indian tribes, tribal organizations, and urban Indian organizations (collectively known as tribal employers) carrying out programs under the IHCIA or the Indian Self-Determination and Education Assistance Act (ISDEAA), to purchase FEHBP coverage, rights, and benefits for their employees, provided that the necessary employee deductions are made and tribal employer contributions are paid. The Consolidated Appropriations Act of 2021 (Public Law 116-260) enacted on December 27, 2020, amended Section 409 of the IHCIA to include tribal organizations carrying out programs under the Tribally Controlled Schools Act (TCSA) of 1988. OPM issued a final rule (87 FR 21739) to implement this expansion on April 13, 2022. These rules clarify that tribal controlled grant schools are considered tribal employers eligible to purchase FEHBP coverage for their employees.

OPM's Office of Healthcare and Insurance (H&I) has overall responsibility for the administration of the FEHBP, including tribal employer participation in the program. Beginning in fiscal year 2012, H&I entered into a series of IAAs and Service Level Agreements (SLA) with NFC to act as the paymaster for tribal employer participation in the FEHBP, including responsibility for maintaining the enrollment system records, collecting premium payments, and collecting Operations and Maintenance (O&M) fees from tribal employers through the Tribal Insurance Processing System (TIPS). NFC's responsibilities under its agreements with OPM are carried out at its office in New Orleans, Louisiana.

The last audit of TIPS as Administered by NFC (Report Number 1L-0A-00-14-074) was finalized on November 16, 2015, and covered contract years 2012 through 2014. All findings related to that audit were considered obsolete due to their age and were not considered as part of the planning of this audit.

The results of our current audit were discussed with NFC and OPM officials through the issuance of three Notices of Findings and Recommendations and an exit conference on April 28, 2025. NFC's and OPM's comments offered in response to the draft report were considered in preparing this final report and have been included as an appendix.

II. OBJECTIVES, SCOPE, AND METHODOLOGY

OBJECTIVES

We structured the audit around the following three primary objectives:

- To determine if NFC properly administered TIPS in accordance with OPM's IAAs and SLAs.
- To determine if tribal employers properly enrolled employees and paid premiums in accordance with FEHBP requirements.
- To determine if OPM had the proper controls in place to manage tribal participation in the FEHBP.

To meet these three objectives, we identified the following 11 audit review areas:

NFC Review Areas

1. IAA Contract Review – to gain an understanding of the IAA process between OPM and NFC, to determine if budget changes were properly supported, and to verify that the funding agreements matched the financial statements.
2. Comparison of Budgeted to Actual Costs – to determine if NFC's budgets for administering TIPS were overstated or understated, and if approvals were made for expenses that exceeded budgeted amounts.
3. Comparison of Collected to Billed Premiums – to determine if the premiums NFC collected from tribal employers were fully passed through to the FEHBP.
4. Operating and Maintenance Expenses Review – to determine if the O&M fees paid to NFC by tribal employers were passed through to OPM and covered all costs for tribal participation in the FEHBP.
5. Performance Metrics Review – to determine if NFC met its performance responsibilities required by the SLAs with OPM.
6. Cost Accounting Review – to gain an understanding of NFC's cost accounting procedures and to verify that expenses were properly allocated to TIPS.

Tribal Employer Review Areas

7. Tribal Employee Review – to determine if the premiums tribal employers paid for their employees were accurate.
8. Tribal Employer Review – to determine if enrollments, adjustments to premiums, and termination of benefits made by tribal employers in TIPS were accurate and timely.

OPM Review Areas

9. Tribal Approval Process – to determine if OPM followed and documented its approval process for tribes to participate in the FEHBP.
10. Software Change Request Review – to gain an understanding of the software change request (SCR) process for TIPS, and to review unimplemented SCRs to determine why they have not been implemented and the risks associated with not implementing the changes.
11. Service Level Agreement Review – to determine if OPM and NFC adhered to the SLAs for the operation of TIPS, properly handled tribal benefit officer (TBO) and tribal employer relations, and complied with the financial agreements between NFC and OPM.

SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with 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.

This performance audit included reviews of NFC, tribal employers, and OPM to ensure compliance with the IAAs, SLAs, and FEHBP requirements. A site visit was conducted at NFC's location in New Orleans, Louisiana from November 18 to 22, 2024, with additional fieldwork completed at the OIG's offices in Washington D.C.; Cranberry Township, Pennsylvania; and Jacksonville, Florida through April 28, 2025.

NFC budgeted and expensed the following amounts each year to administer TIPS.

Year	Budget	Actual Cost	Variance
2018	\$1,695,708	\$1,361,643	(\$334,065)
2019	\$1,519,672	\$1,039,141	(\$480,531)
2020	\$1,339,981	\$1,282,907	(\$57,074)
2021	\$1,408,370	\$1,219,161	(\$189,209)
2022	\$1,390,033	\$1,228,799	(\$161,234)
2023	\$1,238,549	\$1,165,313	(\$73,236)

In planning and conducting our audit, we obtained an understanding of NFC's and OPM's internal control structures as they relate to the administration of TIPS to help determine the nature, timing, and extent of our auditing procedures. Our audit approach consisted mainly of substantive tests of transactions and not tests of controls. Based on our testing, we did not identify any significant matters involving NFC's or OPM's internal control structures and operations. However, since our audit would not necessarily disclose all significant matters

related to internal control structures, we do not express an opinion on NFC's and OPM's system of internal controls taken as a whole.

We also conducted tests of accounting records and other auditing procedures we considered necessary to determine compliance with NFC's agreements with OPM. Except for those areas noted in the "Findings and Recommendations" section of the audit report, we found that NFC and OPM complied, in all material respects, with the provisions of the IAAs and SLAs. With respect to any areas not tested, nothing came to our attention that caused us to believe that NFC and OPM did not comply, in all material respects, with those provisions.

In conducting our audit, we relied to varying degrees on computer-generated data provided by NFC and OPM. Due to time constraints, we did not verify the reliability of the data generated by the various information systems involved. However, while utilizing the computer-generated data during our audit, nothing came to our attention to cause us to doubt its reliability. We believe that the data was sufficient to achieve our audit objectives.

To determine if NFC properly administered TIPS, if tribal employers properly enrolled employees and paid premiums, and if OPM had the proper controls in place to manage tribal participation in the FEHBP, we performed the following auditing procedures based on the risk areas identified (audit steps and samples covered the full scope of the audit unless otherwise stated):

NFC Review Areas

1. IAA Contract Review – We reviewed the IAAs, its amendments, and SLAs between OPM and NFC to create a timeline showing the original budget estimated by NFC, when amounts were obligated by OPM, when adjustments were made to the IAAs, and what adjustments were made to the original budget estimates.
2. Comparison of Budgeted to Actual Costs – We reviewed financial statements provided by NFC to compare budgeted cost estimates from the IAAs to the actual costs for operating TIPS to determine if expenses were over or under budget.
3. Comparison of Collected to Billed Premiums – We compared financial reports showing the amount of premiums collected by NFC from tribal employers and the amount the FEHBP received from NFC to determine if all premiums were properly transferred.
4. Operating and Maintenance Expenses Review – We matched O&M fees collected by NFC to the O&M fees paid to OPM to ensure that all fees were passed through to OPM to pay for tribal participation in the FEHBP.
5. Performance Metrics Review – We reviewed performance metric reports that tracked NFC's performance results related to TIPS, as outlined in the SLAs, to ensure compliance with all requirements.

6. Cost Accounting Review – We reviewed NFC’s cost accounting procedures and how it estimated costs attributable to TIPS, separate from other lines of business, to ensure that all costs were allowable and properly allocated.

Tribal Employer Review Areas

7. Tribal Employee Review – We identified a universe of 79,756 tribal employees whose employer paid FEHBP premiums. From that universe, we judgmentally selected 5 employees from each year with the highest premium adjustments, resulting in a sample of 30 tribal employees, to verify the accuracy of premiums paid.
8. Tribal Employer Review – We identified a universe of 163 tribal employers who participated in the FEHBP. From that universe, we judgmentally selected the top 10 tribal employers with the highest billing adjustment totals. We then identified all employees with an average monthly premium paid of \$300 or less per month who were billed for at least six months, resulting in a population of 227 employees. From this population, we then judgmentally selected the top 5 employees (some tribes had less than five) from each tribe with the lowest average premium paid, resulting in a sample of 46 employees to review for timely and accurate enrollments and terminations.

OPM Review Areas

9. Tribal Approval Process Review – We identified a universe of 163 tribes who participated in the FEHBP. From that universe, we judgmentally selected every 8th tribe, resulting in a sample of 20 tribes for review to ensure that OPM properly approved the tribes to participate in the FEHBP.
10. Software Change Request Review – We identified a universe of 38 implemented and unimplemented SCRs. From this universe, we separated SCRs initiated by OPM and NFC and arranged them in chronological order. We then judgmentally selected every third SCR for each entity resulting in a sample of 2 SCRs requested by OPM and 12 SCRs requested by NFC to review for necessity and efficiency.
11. Service Level Agreement Review – We reviewed all OPM and NFC responsibilities in the SLAs that relate to how TIPS operates from a user standpoint for TBOs and tribal employer relations, as well as financial agreements between NFC and OPM, to ensure compliance with SLA requirements.

The samples that we selected and reviewed in performing the audit were not statistically based. Consequently, the results were not projected to their respective universes since it is unlikely that the results are representative of the universe taken as a whole.

III. FINDINGS AND RECOMMENDATIONS

1. Enrollment Errors and Late Terminations

Procedural

We found various administrative errors by TBOs where employee enrollment information was incorrectly entered in TIPS or terminations were processed late, resulting in improper health benefits payments and erroneous premium refunds for all 46 employees sampled.

Multiple enrollment errors and late terminations by tribal benefit officers are causing erroneous premium refunds at a loss to the FEHBP.

OPM's Health Benefits Election Standard Form 2809 (SF 2809) guidance for tribal employers states that TBOs are responsible for checking the accuracy of each employee's SF 2809 before entering the data in TIPS. Additionally, the Tribal Federal Employees Health Benefits (FEHB) Handbook states that when a tribal employee's enrollment terminates, the tribal employer must complete a Notice of Change in Health Benefits Enrollment Standard Form 2810 showing the reason for termination in the remarks section and process the termination in TIPS no later than five business days after termination.

Finally, each year's SLA between OPM and NFC states that it is NFC's responsibility for providing training for TIPS to tribal employers.

Enrollment Errors

From our sample of 46 employees with enrollment adjustments, we identified 5 employees whose information was incorrectly entered into TIPS, as detailed below:

- One employee was incorrectly enrolled in the family option instead of the self plus one option. The error continued for 117 days before the TBO corrected the option in TIPS, at which point the TBO entered the wrong effective and termination dates, thereby causing the tribal employer to receive an excess refund that exceeded the premium paid by \$4,643.
- One employee was mistakenly enrolled with multiple errors in TIPS causing double billing for the first two months of coverage with the wrong insurance option. To correct this mistake, the TBO attempted to refund all premium amounts paid; however, they made adjustments that exceeded the premium paid by \$3,101.
- One employee's start date was incorrectly entered by the TBO. To fix this error, the TBO created a second enrollment with the correct start date, then erroneously entered two terminations for the same date, thereby causing an excess refund of \$1,531 to the tribal employer. In addition, the employee should only have been covered for one month prior to employment termination. However, the TBO did not terminate coverage until 115 days later, which allowed the employee to continue using their benefits.
- Two employees were enrolled twice into TIPS by TBOs, once with the correct social security number and once with an incorrect social security number. These dual enrollment errors

were not identified until 222 days and 272 days later, prior to the TBOs making the proper adjustments to recover the excess premiums paid.

Late Terminations

From our sample of 46 employees with enrollment adjustments, we identified 41 employees whose terminations were entered into TIPS late, as detailed below:

- We found 14 employees who had retroactive terminations that took an average of 284 days for the TBOs to process. Termination justifications by the TBOs did not align with FEHBP requirements and included employees that were ineligible for coverage due to being part-time; employees being terminated before coverage began; employees already enrolled in other health insurance; an employee who was part time and ineligible since they had membership in a union that blocked them from using the FEHBP under the collective bargaining agreement; a TBO filling out an SF 2809 when the employee didn't want benefits; or system errors occurring when the TBOs converted to a new benefits system. Three of the 14 employees continued to incur \$1,851 in healthcare charges during their period of retroactive termination (after 31-day continuation of coverage) that were never recovered by the FEHB insurance carriers.
- We found that 27 employees had late terminations entered in TIPS after their employment ended or the employee elected to stop benefits. The number of days it took to terminate enrollment ranged from 24 days to 1,570 days. When an employee's benefits are not terminated timely, it requires the TBO to accurately input the correct information so an adjustment of premium can be calculated by TIPS and refunded back to the tribal employer. Additionally, there is a risk that the employee can continue using benefits while ultimately not paying premiums during the retroactive termination period. FEHBP insurance carriers may never recover claims paid during the retroactive termination period, thereby costing the FEHBP and taxpayers money. As an example, the 27 employees with late terminations incurred a total of \$7,839 in improper payments (after 31-day continuation of coverage) due to claims paid during the period of retroactive termination that were never recovered by the FEHBP insurance carriers. Additionally, the tribal employers for the 27 employees received excess premium refunds totaling \$3,521 due to the TBOs entering the wrong termination dates in TIPS.

According to tribal employers, these errors occurred due to the TBOs' failure to follow the required steps for FEHB enrollment and terminations. In many instances, the tribes acknowledged errors in terminating FEHB enrollments timely. Although OPM and NFC have training available for TBOs, these training sessions have not occurred since the COVID-19 pandemic due to a lack of funding. We also found that many TBOs were replaced without notifying OPM and NFC, which resulted in TBOs lacking guidance on how to process enrollment changes.

Recommendation 1

We recommend that OPM create a policy requiring tribal employers to reimburse the FEHBP for improper claim payments that result from late enrollment changes and terminations.

NFC's Response:

NFC agreed with the finding but allowed this recommendation to be addressed by OPM.

OPM's Response:

"We partially concur. Current OPM policy, as noted in Section 1.5(e) of the FEHB Contract, is that the FEHB Carriers, not Federal employing agencies or Tribal employers, must attempt to recover benefit payments made in error as a result of erroneous enrollments. While we agree that all employing agencies should be diligent in processing enrollment transactions accurately and in a timely manner, we do not believe that different standards should apply to Tribal Employers. We will explore policy options to hold all employing agencies, including Tribal Employers, accountable for enrollment errors."

OIG Comments:

We acknowledge that FEHB Carriers are responsible for recovering benefit payments made in error as a result of erroneous enrollments, but the examples provided in this finding exceed most carriers' timeframes to attempt recovery and therefore should be reimbursed by the tribal employers who are at fault. We commend OPM for exploring options to hold all federal employing agencies, including tribal employers, accountable for enrollment errors that exceed the period for which carriers are unable to readily recover payments. The OIG is open to reasonable options to address this eligibility control weakness, including but not limited to, an alternative policy that would disallow premium refunds in cases where claims were paid during the erroneous enrollment period.

Recommendation 2

We recommend that OPM work with NFC to create a software change in TIPS that eliminates overpayment of refunds that exceed the total premiums paid for an employee. Additionally, any premium overpayment should be recovered from the tribes and refunded to FEHB Carriers when cost beneficial to the program.

Recommendation 3

We recommend that OPM work with NFC to create a software change in TIPS that requires tribal employers to explain in detail why a termination was not processed within five business days as required by OPM.

Recommendation 4

We recommend that OPM work with NFC to create a software change in TIPS that helps eliminate dual enrollments by flagging personal information entered during the enrollment process that matches an existing enrollee's information.

NFC's Response:

NFC agreed with the finding and recommendations but noted that its ability to implement the software changes for recommendations 2,3, and 4 would be subject to available funding from OPM and personnel resources at NFC.

OPM's Response:

"We partially concur. OPM agrees that the software changes identified in recommendations 2,3, and 4 have merit, and is committed to pursuing them if sufficient funding is available. However, as the OIG notes in its report, OPM does not have direct access to administrative fees that have been collected from participating Tribal Employers. As a result, OPM's funding to operate TIPS, like all of its funding to administer the FEHB Program, is subject to annual limitation by Congress. OPM's recent funding levels have not been sufficient to pursue software changes."

OIG Comments:

We are all in agreement that these software changes have merit and funding is needed, therefore we recommend that OPM find solutions to properly fund the software changes to help eliminate errors. We suggest having NFC prepare a cost/benefit analysis to determine if the changes can be implemented at a minimal cost with greater savings.

Recommendation 5

We recommend that OPM contact each tribe annually to make sure that it has the most up-to-date contact information for TBOs. This will ensure that new TBOs can be identified and proper training can be provided to help reduce administrative errors and untimely enrollment terminations.

NFC's Response:

NFC agreed with the finding but allowed this recommendation to be addressed by OPM.

OPM's Response:

"We concur. OPM has recently implemented a process to verify each Tribal Employer's required points of contact on a monthly basis. These include the Tribal Benefits Officer (TBO),

Chief Executive Officer/President/Tribal Authority, Chief Financial Officer, TIPS Security Officer, and Authorized Maintenance Contact.”

Recommendation 6

We recommend that OPM require NFC to hold a training session on how to use TIPS for all TBOs immediately and to resume training sessions on a regular basis.

NFC’s Response:

“NFC concurs with recommendation 6 and will resume training sessions based on OPM’s request.”

OPM’s Response:

“We partially concur. In its response to the draft audit report, NFC indicated that it would resume training sessions. However, per the Service Level Agreement (SLA), NFC requires additional funding from OPM to provide TIPS training, which OPM does not contemplate in its current budget. In the meantime, OPM will hold additional trainings as necessary regarding TIPS.

Currently OPM does provide all TBOs, via email, with the latest version of the TIPS 101 training upon onboarding, Open Season, and upon request. Training materials are available on NFC’s website and OPM often refers TBOs to those resources to assist them with their TIPS inquiries.

Additionally, OPM hosts monthly TBO Office Hours in which the TBOs are given updates on programmatic/policy matters and have the opportunity to ask OPM staff questions pertaining to the FEHB Program. This meeting lasts typically one hour and is available to all individuals identified as a TBO. OPM then follows each meeting by emailing a list of resources discussed during the meeting to the audience.”

OIG Comments:

The OIG recognizes the proactive measures carried out by OPM, but we still recommend that OPM find a solution to properly fund NFC’s training sessions for TIPS since they help eliminate costly errors and reduce fraud, waste, and abuse among tribes participating in the FEHBP (see finding #2 for possible funding).

2. Surplus Operations and Maintenance Fees \$15,971,300

OPM has the authority to collect O&M fees from tribal employers, but it does not have the authority to use the O&M fees to fund TIPS or necessary system enhancements. Instead, OPM has been required to deposit O&M fees into the Employees Health Benefits Fund (EHBF) since

2017, which created a surplus of \$15,971,300 based on NFC's reported O&M deposits. This surplus is a result of the TIPS administration being funded by OPM's annual appropriations (taxpayer funds) instead of being self-funded by the tribes participating in the FEHBP, as originally enacted.

OPM has a surplus of almost \$16 million collected from tribal employers that can be put to better use if authorized by Congress.

Section 409 of the IHCA (25 U.S.C. § 1647b) as amended by the ACA entitles Indian Tribes, tribal organizations, and urban Indian organizations to purchase FEHB coverage for their employees. This section provides OPM with the authority to set terms for participation including the collection of administrative fees to cover costs associated with extending FEHB benefits to tribal employees.

Additionally, OPM codified Section 409 of the IHCA in 5 CFR § 890.1413(e) as it relates to tribal employers and the operation of TIPS, which states, "A fee determined annually by OPM will be charged in addition to premium for each enrollment of a Tribal employee. ... The fee must be paid entirely by the Tribal employer as part of the payment to purchase FEHB for Tribal employees, and must be available for collection by the paymaster, together with the aggregate Tribal employee and Tribal employer contributions."

Finally, 5 U.S.C. 8909(a) establishes the EHBF. 5 U.S.C. 8909(a)(2) permits Congress to limit the amount of funds that OPM can use for FEHB administration. Congress routinely applies these limits through annual appropriations (as part of a limitation to OPM that spans the Civil Service Retirement and Disability Fund, the EHBF and the Employees' Life Insurance Fund). TIPS is within the FEHBP, so the limitation at 5 U.S.C. 8909(a)(2) controls the funds.

O&M fees are intended to pay the administrative expenses associated with tribal employee enrollment, premium collection and transmission, as well as the billing functions provided by NFC. Prior to 2017, NFC would hold the O&M fees and OPM would direct NFC on how much it could spend and what it could spend the money on. In our prior 2015 audit, we found that NFC was holding a surplus of funds, but there were no policies in place to return the surplus funds to OPM. Starting in 2017, OPM and NFC agreed to a new billing process or cost model change that would require NFC to transfer all O&M fees to OPM for deposit into the EHBF, and NFC would be reimbursed for its administrative expenses through a separate transfer of funds from OPM.

As of 2017, TIPS is no longer funded by O&M fees that are collected from tribal employers but instead through OPM's annual budget. With the cost model change came a new challenge as OPM's ability to spend O&M fees was now constrained by federal appropriations law. OPM cannot spend the O&M fees without specific authorization from Congress through discretionary appropriations. O&M fees have been accumulating since 2017; however, OPM is not authorized to spend the money to offset the costs of TIPS. We asked OPM how much in O&M fees have

accumulated, but it could not provide us with the specific amount since the fees are commingled with other FEHB funds. However, NFC was able to verify that it transferred \$15,971,300 in O&M fees from 2017 through 2024 to OPM, which was placed in the EHBf.

Since 2023, OPM has been requesting approval from Congress in its Congressional Budget Justification and Annual Performance Plan (CBJ) that would allow OPM to have direct access to the O&M fees as mandatory authority. This would allow OPM to access and use the fees without needing annual appropriations. OPM continues to collect the O&M fees, even though the funds sit idle in the EHBf.

Due to Congress not approving OPM's request to utilize O&M fees to fund TIPS, OPM can only allot a portion of its budget that is enough to fund existing operations of TIPS with limited improvements. As shown throughout this report, we have identified areas of improvement that will require a larger budget to fund. With the authority to use O&M fees, TIPS could be self-sufficient and fully funded by O&M fees each year, plus OPM could approve many of the improvements and oversight controls needed to administer tribal participation in the FEHBP.

Recommendation 7

We recommend that OPM seek approval from Congress to reallocate the \$15,971,300 in O&M fees to properly fund all enhancements needed for TIPS, with any remaining surplus used as an offset in calculating future O&M fees. Although OPM currently requests the use of TIPS O&M fees in its CBJ, OPM should also disclose the surplus amount and suggest how the funds can be put to better use with the administration of TIPS.

NFC's Response:

NFC agreed with the finding but allowed this recommendation to be addressed by OPM.

OPM's Response:

"We partially concur. Under OPM's current authority, the administrative fee that is charged to Tribal Employers is applied to the same fund as the administrative fees paid by Federal agencies. However, OPM has in recent years submitted legislative proposals to separate these amounts for the purpose of reserving the Tribal administrative fees solely for the administration of TIPS and anticipates continuing to request this authority."

Recommendation 8

We recommend that OPM segregate TIPS O&M fees by either establishing a new fund or by properly accounting for deposits in the EHBf so that TIPS revenue can be tracked.

NFC's Response:

NFC agreed with the finding but allowed this recommendation to be addressed by OPM.

OPM's Response:

"We partially concur. OPM is not statutorily authorized to hold a separate fund for administrative fees received from Tribal Employers. The administrative fee that is charged to Tribal Employers is applied to the same fund as the administrative fees paid by Federal agencies. In coordination with the OPM OCFO, we will explore the feasibility of separately accounting for TIPS administrative fees."

OIG Comments:

Proper accounting of these funds should take place immediately, regardless of how they are used.

3. Unsupported Tribal Approval Process

Procedural

OPM cannot support the eligibility of multiple Tribes participating in the FEHBP.

We were unable to determine if OPM properly reviewed and approved all applications and documentation required for tribes to participate in the FEHBP for 15 of the 20 tribes sampled.

Tribal applications to participate in the FEHBP are approved by OPM and must include the following four documents with their submissions in accordance with 5 CFR § 890.1404(b):

1. **Agreement:** This is the contract between OPM and the tribal employer to participate in the FEHBP. This document must have an authorized signature from the tribal employer.
2. **Tribal Employer Profile:** This is information that OPM requires to confirm the tribal employer's eligibility to purchase FEHB coverage. A tribal employer may purchase FEHB coverage if at least one billing unit is carrying out programs or activities under the ISDEAA, an IHCA contract, or a TCSA grant.
3. **Memorandum of Understanding (MOU):** The MOU is the agreement the tribal employer enters into with NFC to have NFC service its enrollees. This document must have an authorized signature from the tribal employer.
4. **Contact, Billing Unit, and Bank Account Information:** This is information that OPM requires to help implement the FEHBP. One person may be the contact or TBO for multiple administrative functions at the tribe.

Once the application documentation is reviewed and verified, OPM issues an approval letter that authorizes the tribe's participation in the FEHBP. Additionally, NFC's service level agreements for TIPS require OPM to "create, maintain, and disseminate all FEHB Tribal communications," which would include keeping a record of all tribal application documents. Finally, to continue participation in the FEHBP, tribes must have at least one billing unit continually carrying out programs or activities under the ISDEAA, IHCA, or TCSA.

Our review of the 20 tribes sampled found that 15 tribes had missing or incomplete information in their applications. Specifically, OPM could not provide the following:

- 2 tribes were missing the signed contract between the tribe and OPM;
- 10 tribes were missing documentation to support carrying out programs or activities under the ISDEAA, IHCA, or TCSA;
- 2 tribes were missing the signed MOU; and
- 1 tribe was missing the TBO's contact information.

Additionally, 7 tribes were missing OPM's approval letter, and 8 of the 10 tribes who originally provided support for carrying out programs or activities under the ISDEAA, IHCA, or TCSA now have expired contracts and may be ineligible for FEHB coverage.

We asked OPM why the tribal eligibility information was not maintained, and OPM explained that it could not find the documentation. Without proper documentation, we were unable to verify if OPM followed its approval process for tribes to participate in the FEHBP. Most concerning is the lack of documentation supporting the tribe's eligibility to purchase FEHB insurance under ISDEAA, IHCA, or TCSA. Without maintaining the tribe's eligibility information, there is a risk of ineligible tribes and their employees participating in the FEHBP at an additional cost to federal employees and taxpayers.

Recommendation 9

We recommend that OPM adopt policies and procedures to maintain all eligibility and approval records for each tribe participating in the FEHBP for a period of six full calendar years after the tribe is no longer enrolled in the FEHBP, to match FEHB records retention requirements.

NFC's Response:

NFC agreed with the finding but allowed this recommendation to be addressed by OPM.

OPM's Response:

"We do not concur. OPM currently has a records schedule in place addressing retention. See Schedule Number NC1-146-77-01."

OIG Comments:

We acknowledge that OPM has a records retention policy from 1977, but the audit was unable to verify eligibility for multiple tribes that are currently participating in the FEHBP, meaning the records retention policy is not being followed or it does not align with the six-year FEHB records retention clause required of health insurance carriers. Furthermore, we were unable to identify any specific requirement related to tribal or FEHB eligibility in OPM's 48-year-old records retention policy. If eligibility for the tribes to participate in the FEHBP is determined by OPM, then OPM must maintain that documentation in accordance with the SLAs to prove to both NFC and the health insurance carriers that the tribes are eligible for participation in the program. Without proper documentation being maintained as part of OPM's responsibility, one cannot check the eligibility of the tribe or its employees to participate in the FEHBP or make enrollment changes from one year to the next. OPM should be held to the same six-year records retention standard that it requires of health insurance carriers participating in the FEHBP.

Recommendation 10

We recommend that OPM adopt policies and procedures to acquire all contracts, funding agreements, compacts, grants and documents that tribes have under the ISDEAA, IHCA, or TCSA, that make the tribes eligible for continued participation in the FEHBP. OPM must keep track of when the eligibility documentation expires and contact the tribes prior to expiration to obtain new eligibility documentation that ensures the tribes can continue FEHB coverage.

NFC's Response:

NFC agreed with the finding but allowed this recommendation to be addressed by OPM

OPM's Response:

"We partially concur. We do not concur with adopting policies and procedures because OPM currently has policies and procedures in place to acquire eligibility documents to assess Tribes' eligibility to participate. OPM concurs with the outreach to Tribes prior to expiration to obtain new eligibility documentation for continuation of FEHB coverage and will enhance the current process to reflect that."

OIG Comments:

We acknowledge OPM's position with our recommendation but would like to emphasize that the OIG was unable to verify information that OPM was required to review, approve, and maintain for tribes to participate in the FEHBP. Therefore, effective policy compliance is needed. OPM must address this non-compliance by evaluating the control weakness(es) that allowed the following issues to occur:

- 1. Missing signed contracts with two tribes,**
- 2. Missing evidence of carrying out programs or activities under the ISDEAA, IHCA, or TCSA for ten tribes,**
- 3. Missing signed MOUs with two tribes, and**
- 4. Missing TBO contact information for one tribe.**

APPENDIX



United States
Department of
Agriculture

Office of the
Chief Financial
Officer

National
Finance
Center

P.O. Box 60000
New Orleans
Louisiana 70160

June 30, 2025

Mr. James L. Tuel, Jr. Chief
Special Audits Group

U.S. Office of Personnel Management 800
Cranberry Woods Drive, Suite 270
Cranberry Township, PA 16066

Dear Mr. Tuel,

Thank you for sharing the draft report entitled *Audit of Tribal Participation in the Federal Employees Health Benefits Program from through 2023* and acknowledging that the National Finance Center (NFC) generally administered the Tribal Insurance Processing System in accordance with the U.S. Office of Personnel Management's (OPM) Interagency and Service Level Agreements.

NFC concurs with the three issues and resulting four recommendations outlined in the report that should be addressed by OPM with engagement from NFC for Tribal participation in the Federal Employees Health Benefits Program to be more efficient.

For recommendations 2, 3, and 4, NFC's ability to make software changes and the timeframe for making those changes would be subject to available funding from OPM and personnel resources from NFC.

NFC concurs with recommendation 6 and will resume training sessions based on OPM's request.

Sincerely,

MICHAEL J. JACKSON
Director



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

July 15, 2025

MEMORANDUM FOR: James L. Tuel, Jr.
Chief, Special Audits Group
U.S. Office of Personnel Management

FROM: D. Shane Stevens
Associate Director
Healthcare and Insurance

SUBJECT: Audit of Tribal Participation in the Federal Employees
Health Benefits Program from 2018 through 2023.
OIG 2025-SAG-006

Thank you for providing OPM the opportunity to respond to the Office of the Inspector General (OIG) draft report, Audit of Tribal Participation in the Federal Employees Health Benefits (FEHB) Program from 2018 through 2023, OIG 2025-SAG-006.

Responses to your recommendations including planned corrective actions, as appropriate, are provided below.

1. Enrollment Errors and Late Terminations

Recommendation 1: We recommend that OPM create a policy requiring Tribal Employers to reimburse the FEHBP for improper claim payments that result from late enrollment changes and terminations.

Management Response: We partially concur. Current OPM policy, as noted in Section 1.5(e) of the FEHB Contract, is that the FEHB Carriers, not Federal employing agencies or Tribal employers, must attempt to recover benefit payments made in error as a result of erroneous enrollments. While we agree that all employing agencies should be diligent in processing enrollment transactions accurately and in a timely manner, we do not believe that different standards should apply to Tribal Employers. We will explore policy options to hold all employing agencies, including Tribal Employers, accountable for enrollment errors.

Recommendation 2: We recommend that OPM work with NFC to create a software change in TIPS that eliminates overpayment of refunds that exceed the total premiums paid for an employee.

Recommendation 3: We recommend that OPM work with NFC to create a software change in TIPS that requires Tribal Employers to explain in detail why a termination was not processed within five business days as required by OPM.

Recommendation 4: We recommend that OPM work with NFC to create a software change in TIPS that helps eliminate dual enrollments by flagging personal information entered during the enrollment process that matches an existing enrollee's information.

Management Response to Recommendations 2, 3 & 4: We partially concur. OPM agrees that the software changes identified in recommendations in 2, 3, & 4 have merit, and is committed to pursuing them if sufficient funding is available. However, as the OIG notes in its report, OPM does not have direct access to administrative fees that have been collected from participating Tribal Employers. As a result, OPM's funding to operate TIPS, like all of its funding to administer the FEHB Program, is subject to annual limitation by Congress. OPM's recent funding levels have not been sufficient to pursue software changes.

Importantly, NFC noted in its response that implementation of software changes is also contingent on the availability of sufficient personnel resources at NFC.

Recommendation 5: We recommend that OPM contact each Tribe annually to make sure that it has the most up to date contact information for TBOs. This will ensure that new TBOs can be identified and proper training can be provided to help reduce administrative errors and untimely enrollment terminations.

Management Response: We concur. OPM has recently implemented a process to verify each Tribal Employer's required points of contact on a monthly basis. These include the Tribal Benefits Officer (TBO), Chief Executive Officer/President/Tribal Authority, Chief Financial Officer, TIPS Security Officer, and Authorized Maintenance Contact.

Recommendation 6: We recommend that OPM requires NFC to hold a training session on how to use TIPS for all TBOs immediately and to resume training sessions on a regular basis.

Management Response: We partially concur. In its response to the draft audit report, NFC indicated that it would resume training sessions. However, per the Service Level Agreement (SLA), NFC requires additional funding from OPM to provide TIPS training, which OPM does not contemplate in its current budget. In the meantime, OPM will hold additional trainings as necessary regarding TIPS.

Currently OPM does provide all TBOs, via email, with the latest version of the TIPS 101 training upon onboarding, Open Season, and upon request. Training materials are available on NFC's website and OPM often refers TBOs to those resources to assist them with their TIPS inquiries.

Additionally, OPM hosts monthly TBO Office Hours in which the TBOs are given updates on programmatic/policy matters and have the opportunity to ask OPM staff questions pertaining to the FEHB Program. This meeting lasts typically one hour and is available to all individuals identified as a TBO. OPM then follows each meeting by emailing a list of resources discussed during the meeting to the audience.

2. Surplus Operations and Maintenance Fees

Recommendation 7: We recommend that OPM seek approval from Congress to reallocate the \$15,971,300 in O&M fees to properly fund all enhancements needed for TIPS with any remaining surplus used as an offset in calculating future O&M fees. Although OPM currently requests the use of TIPS O&M fees in its CBJ, OPM should also disclose the surplus amount and suggest how the funds can be put to better use with the administration of TIPS.

Management Response: We partially concur. Under OPM's current authority, the administrative fee that is charged to Tribal Employers is applied to the same fund as the administrative fees paid by Federal agencies. However, OPM has in recent years submitted legislative proposals to separate these amounts for the purpose of reserving the Tribal administrative fees solely for the administration of TIPS and anticipates continuing to request this authority.

Recommendation 8: We recommend that OPM segregate TIPS O&M fees by either establishing a new fund or by properly accounting for deposits in the EHBFB so that TIPS revenue can be tracked and its operations self-funded without the use of taxpayer money.

Management Response: We partially concur. OPM is not statutorily authorized to hold a separate fund for administrative fees received from Tribal Employers. The administrative fee that is charged to Tribal Employers is applied to the same fund as the administrative fees paid by Federal agencies. In coordination with the OPM OCFO, we will explore the feasibility of separately accounting for TIPS administrative fees.

3. Unsupported Tribal Approval Process

Recommendation 9: We recommend that OPM adopt policies and procedures to maintain all eligibility and approval records for each Tribe participating in the FEHBP for a period of six full calendar years after the Tribe is no longer enrolled in the FEHBP, to match FEHB records retention requirements.

Management Response: We do not concur. OPM currently has a records schedule in place addressing retention. See Schedule Number NC1-146-77-01.

Recommendation 10: We recommend that OPM adopt policies and procedures to acquire all contracts, funding agreements, compacts, grants and documents that Tribes have under the

ISDEAA, IHCIA, or TCSA that enable the Tribes to be eligible for continued participation in the FEHBP. OPM must keep track of when the eligibility documentation expires and contact the Tribes prior to expiration to obtain new eligibility documentation that ensures the Tribes can continue FEHB coverage.

Management Response: We partially concur. We do not concur with adopting policies and procedures because OPM currently has policies and procedures in place to acquire eligibility documents to assess Tribes' eligibility to participate. OPM concurs with the outreach to Tribes prior to expiration to obtain new eligibility documentation for continuation of FEHB coverage and will enhance the current process to reflect that.

I appreciate the opportunity to respond to this draft report. If you have any questions regarding our response, please contact Sean McGrath at Sean.McGrath@opm.gov.



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Fraud, waste, 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:

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