

Oversight Plan

October 1, 2024–September 30, 2025

Office of the Inspector General
U.S. Office of Personnel Management

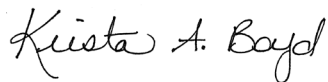


Message from the Inspector General

I am pleased to present the fiscal year (FY) 2025 Oversight Plan of the U.S. Office of Personnel Management (OPM) Office of the Inspector General (OIG), which outlines our planned audit and evaluation work, as well as our investigative priorities, for FY 2025.

As always, the OPM OIG remains dedicated to promoting economy and efficiency in the administration of OPM's programs and operations, as well as preventing and detecting fraud, waste, and abuse in those programs. Our plan was prepared with these objectives in mind, using risk assessments of the various programs and operations OPM administers and input from OPM's senior program leadership. We also considered OPM's FY 2025 Top Management Challenges and the OIG's Strategic Plan for FY 2023–2028.

In addition to the oversight work outlined in this Oversight Plan, the OPM OIG is engaged in other oversight-related activities, including managing the OPM OIG Hotline, providing training and education, and investigating criminal activity. We may adjust this plan throughout the year to ensure that we direct available resources to areas with the highest risk and potential impact, including new issues that may arise. We welcome feedback on the oversight activities outlined in this report.



Krista A. Boyd
Inspector General

OIG Strategic Framework

Mission

To provide independent, transparent, and
objective oversight
of OPM programs and operations.

Vision

Oversight through Innovation.

Vigilance

Safeguard OPM's
programs and
operations from
fraud, waste,
abuse, and
mismanagement.

Integrity

Demonstrate the
highest levels of
professionalism,
independence,
and quality in our
work and
operations.

Empowerment

Emphasize our
commitment to
invest in our
employees and
promote our
effectiveness.

Excellence

Promote best
practices in
OPM's
management of
program
operations.

Transparency

Foster clear
communication
with OPM
leadership,
Congress, and the
public.

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Introduction

The work outlined in the annual OIG Oversight Plan assists the U.S. Office of Personnel Management (OPM) Office of the Inspector General (OIG) in fulfilling its mission to provide independent, transparent, and objective oversight of OPM's programs and operations to prevent fraud, waste, and abuse. The planned work also assists OPM in enhancing the efficiency and effectiveness of its programs and operations.

The OIG assesses relative risks in OPM programs and operations in identifying those areas most in need of attention to be selected for our oversight work. The following sections describe key contributions to the Oversight Plan from these offices.

It is important to note that our oversight plan may change as new risks emerge throughout the year. Additionally, the planned projects are contingent on resource availability.

Audits

The OIG conducts comprehensive and independent audits of OPM programs, operations, and contractors. The OIG assists the Director and Congress by providing credibility and transparency to the information reported by OPM and providing information to improve accountability and facilitate decision-making.

The OIG also audits the activities of OPM contractors that underwrite and provide health and life insurance benefits to federal employees and annuitants, and their eligible dependents and survivors, through the Federal Employees Health Benefits Program (FEHBP) and the Federal Employees' Group Life Insurance Program. There are approximately 200 insurance carriers participating in the FEHBP with annual premium payments that exceed \$50 billion. In addition, we conduct audits of OPM's Retirement Program, which manages the Civil Service Retirement and Disability Fund (CSRDF), and which includes the Civil Service Retirement System and the Federal Employees Retirement System. The CSRDF has approximately \$1 trillion in net assets available for benefits and makes monthly payments to almost 3 million annuitants and survivors which exceed \$90 billion annually.

Evaluations

The OIG conducts independent, credible, and thorough evaluations of OPM's programs and operations by quickly analyzing OPM concerns or issues that need immediate attention and using a variety of evaluative methods and techniques.

The OIG's evaluations are completed in accordance with the Quality Standards for Inspection and Evaluation (known as the Blue Book) published by the Council of the Inspectors General on Integrity and Efficiency. Our evaluation reports provide OPM management with findings and recommendations that assist in enhancing program operations, efficiency, effectiveness, and compliance with applicable policies and procedures.

Work Continuing from FY 2024

The following audit and evaluation work was initiated during FY 2024. This work will continue and will result in reports in FY 2025.

- BlueCross BlueShield (BCBS) of South Carolina
- Blue Cross Blue Shield Association/Caremark Pharmacy Operations
- OPM Office of Facilities, Security, and Emergency Management
- FY 2024 Financial Statement Audit
- HealthNet California
- Horizon BCBS of New Jersey
- Medical Loss Ratio Research
- National Association of Letter Carriers /Caremark Pharmacy Operations
- Payment Integrity Information Act of 2019 Compliance for FY 2024
- Postal Service Health Benefits Program Implementation
- OPM's Internal Telework and Remote Work Programs

Work Planned for FY 2025

Our work plan was developed using risk assessments that consider factors such as the perceived vulnerability of programs to fraud, waste, and abuse; the adequacy of management controls; the time elapsed since the last audit; and the oversight work mandated by statute. We also considered our previous audit experience with the same or similar programs and obtained input from the leadership of OPM's programs. Additionally, some of the audits in the plan are required by law. Our focus is consistent with guidance from the U.S. Office of Management and Budget (OMB) and other interested government agencies.

During FY 2025, the OIG plans to initiate 12 external performance audits of health benefit carriers, 8 internal performance audits, and 6 evaluations.

12 planned external performance audits of health benefit carriers

- 8 FEHBP audits
 - 3 experience-rated carrier audits
 - 3 health benefit payments audits
 - 1 information technology (IT) security audit
 - 1 community-rated audit
- 2 Pharmacy Benefit Manager (PBM) audits
- 1 Federal Employees Dental and Vision Insurance Program (FEDVIP) audit
- 1 Tribal Insurance Processing System (TIPS) audit

8 planned internal performance audits

- 5 OPM program audits
- 1 oversight review of the audit of OPM's consolidated financial statements
- 2 audits on OPM's compliance with the Federal Information Security Modernization Act (FISMA)

6 planned evaluations

- Health Care Claims Evaluation (to be determined)
- Top Medical/Prescription Conditions per Premium Spend
- OPM's Internal Privacy Program
- OPM's Internal Hiring Process
- OPM's Internal Anti-Harassment Program
- OPM Retirement Services' Suspense Accounts

External Audits

This year's plan includes 12 external audits during FY 2025. External audits involve programs, activities, and functions that OPM engages private sector organizations to perform. Entities that fall into this category include insurance carriers that participate in the FEHBP, PBMs that contract with FEHBP carriers, the Federal Flexible Spending Account Program, Federal Employees' Group Life Insurance, the Federal Long Term Care Insurance Program, FEDVIP, contractors that provide goods and services to OPM, and organizations that administer the Combined Federal Campaign.

FEHBP Experience-Rated Carriers¹

Experience-rated carrier audits involve determining whether the carrier charged costs to the FEHBP and provided services to FEHBP members in accordance with the terms of the contract. These audits evaluate various areas, including miscellaneous health benefit payments and credits, administrative expenses, cash management, and the carrier's fraud and abuse program. This year's plan includes the following experience-rated carrier audit work:

- American Postal Workers Union Health Plan
- BCBS of Alabama
- GEHA (Government Employees Health Association, Inc.)

¹ Experience-rated carriers offer mostly fee-for-service plans (the largest being the Blue Cross and Blue Shield Service Benefit Plan), but they also offer experience-rated HMOs. These carriers are reimbursed for actual claims paid and administrative expenses incurred, and they are paid a service charge determined in negotiation with OPM. Experience-rated carriers may suffer a loss in certain situations if claims exceed amounts available in the Employee Health Benefits Fund, which is a fund in the U.S. Department of the Treasury that holds premiums paid by enrollees and from which carriers are reimbursed for claims paid and expenses incurred.

FEHBP Health Benefit Payments

Through data mining and the use of claims auditing tools and techniques, the Claim Audits and Analytics Group provides health benefit program oversight through claims-only audits of experience-rated carriers participating in the FEHBP, as well as data analytics of the health care claims provided by these carriers. The objectives of our oversight are to safeguard program assets; ensure carrier compliance with program requirements related to fraud, waste, and abuse; ensure that carriers are meeting their contractual obligations and complying with laws and regulations governing the FEHBP; and identify concerning trends within the health care data resulting in recommendations for program improvements to address these concerns. This year's plan includes the following health benefit payments audit work:

- Anthem BCBS
- BCBS of North Dakota
- FEHBP Health Carriers – Erroneous Payments Recovery Process

FEHBP Information Technology Security

IT security audits involve the evaluation of controls over the confidentiality, integrity, and availability of FEHBP data processed and maintained in carriers' IT systems. This year's plan includes the following IT security audit work:

- BCBS Tennessee

FEHBP Community-Rated Carriers (Rating)²

These audits of the premium rates submitted to OPM will focus on claims data, as well as underwriting and actuarial factors used in the development of the premium rates charged to OPM and FEHBP members. These health plan audits also include other areas related to contract compliance, determined using risk assessments. This year's plan includes the following community-rated carriers audit work:

- Aetna Capitol Region

Pharmacy Benefit Managers

PBMs are primarily responsible for processing and paying prescription drug claims. The services provided typically include retail pharmacy, mail order, and specialty drug benefits. PBMs are used to develop, allocate, and control costs related to the pharmacy claims program. Areas audited include administrative fees, fraud and abuse programs, performance

² Community-rated carriers offer comprehensive medical plans, commonly referred to as health maintenance organizations (HMOs). They are responsible for paying claims and administrative costs incurred, and they are paid an amount commensurate with the number of subscribing FEHBP enrollees and the premiums paid by those enrollees. Consequently, community-rated carriers suffer the loss if the costs incurred by the plan exceed the amount of premiums received.

guarantees, pharmacy claims eligibility and pricing, and manufacturer rebates. This year's plan includes the following PBM audit work:

- GEHA by CVS/Caremark
- Triple-S Salud, Inc. by Abarca Health LLC

Federal Employees Dental and Vision Insurance Program

FEDVIP provides for the establishment of programs under which supplemental dental and vision benefits are made available to federal employees, retirees, and their dependents. OPM has overall responsibility to maintain the FEDVIP website, act as a liaison and facilitate the promotion of the FEDVIP through federal agencies, be responsive on a timely basis to the carriers' requests for information and assistance, and perform functions typically associated with insurance commissions such as the review and approval of rates, forms, and educational materials. Areas audited include annual accounting statements and claims processing. This year's plan includes the following FEDVIP audit work:

- Delta Dental

Tribal Insurance Processing System for Participation in the FEHBP

OPM has overall responsibility for administering Tribal Employer participation in the FEHBP. OPM's Healthcare and Insurance Office entered into a series of service level agreements with the National Finance Center (NFC) to act as the paymaster for Tribal Employer participation in the FEHBP, which includes responsibility for maintaining the enrollment system of record and collecting insurance premium payments and Operations and Maintenance (O&M) fees from Tribal Employers through the TIPS. The O&M fees are used to reimburse NFC for its expenses in administering TIPS. This year's plan includes the following audit work related to Tribal Employer participation in the FEHBP:

- Tribal Insurance Processing System

Internal Audits

We plan to initiate eight internal audits this fiscal year. Internal audits involve all OPM organizations, programs, activities, and functions. These internal audits will include internal performance audits, oversight of an independent public accountant's full scope audit of the OPM's consolidated FY 2025 financial statements, and an assessment of OPM's compliance with FISMA.

Performance Audits³

This year's plan includes the following performance audit work:

- Charge Card Act Reporting (Joint Violation and Open Recommendations)
- OPM Office of Procurement Operations
- OPM Office of Small and Disadvantaged Business Utilization
- Payment Integrity Information Act of 2019 Compliance for FY 2025
- OPM Retirement Services Modernization

Oversight of Chief Financial Officers Act Financial Statement Audit

To fulfill our audit responsibilities under the Chief Financial Officers Act for an audit of the annual OPM financial statements, we will oversee and ensure the quality of the audit work performed by an independent public accounting firm. They will conduct a full scope audit of OPM's consolidated FY 2025 financial statements consisting of the revolving fund; salaries and expenses account; and health, life, and retirement programs. The objectives of the audit will be to render an opinion on the financial statements, gain an understanding of the related internal controls, report on those matters considered to be reportable conditions, and report on compliance with related laws and regulations. Separate opinions will be provided for the health, life, and retirement financial statements, as required by OMB Bulletin No. 07-04, Audit Requirements for Federal Financial Statements. In addition, we will review the independent public accounting firm's general and application controls audit of OPM's computer-based information systems as part of the financial statement audit.

Federal Information Security Modernization Act

FISMA requires Offices of Inspectors General to complete an evaluation of their agency's IT security program and practices. For the general FISMA audit, we will review the OPM Office of the Chief Information Officer's general FISMA compliance efforts for specific areas defined in the U.S. Department of Homeland Security Office of Cybersecurity and Communications FY 2025 Inspector General FISMA Reporting Metrics. Also, as required by FISMA, we will perform an audit of the IT security controls of a selected OPM IT system. This year's plan includes the following FISMA audits:

- General FISMA
- FISMA IT System – FOIA Xpress

³ Performance audits provide objective analysis, findings, and conclusions to assist management and those charged with governance and oversight with, among other things, improving program performance and operations, reducing costs, facilitating decision making by parties. ⁷ See AT-C section 215, Agreed-Upon Procedures Engagements (AICPA, Professional Standards). ⁸ See AR-C section 90, Review of Financial Statements (AICPA, Professional Standards). Performance Audits Chapter 1: Foundation and Principles for the Use and Application of Government Auditing Standards Page 11 GAO-18-568G Government Auditing Standards responsible for overseeing or initiating corrective action, and contributing to public accountability.

Evaluations

Health Care Claims Evaluations

Using the health care claims stored in our FEHBP data warehouse, we perform analytical evaluations of the health claims information to identify trends or other health care information that may highlight important information for the program. This year's plan includes the following FEHBP data-based evaluation work:

- Health Care Claims Evaluation – To be determined
- Top Medical/Prescription Conditions per Premium Spend

OPM's Internal Privacy Program

Federal agencies, to include OPM, have more responsibility than ever for ensuring proper information security to address the growing threat of cyberattacks and data breaches. A critical component in each federal agency's capability is the agency's privacy program.

OPM's Chief Privacy Officer must ensure that

- Adequate safeguards are in place to correctly manage and protect sensitive information and mitigate risks, and
- Privacy implications are thoroughly considered in all business and operational decisions.

We will determine how well OPM is performing its responsibilities to meet its legal requirements and protect sensitive information.

OPM's Internal Hiring Process

OPM provides "policy direction and leadership in designing, developing, and promulgating governmentwide human resources systems, programs, and policies that support the current and emerging needs of federal agencies."⁴ As such, OPM must not only direct policy to all federal agencies, but also be a leader when implementing these policies within its own organization. An overview of the OPM's hiring process is essential for its effectiveness given the importance of hiring to meet OPM's mission and daily work requirements.

As a result, the OIG will conduct an evaluation of the OPM's internal hiring process. Our evaluation will determine whether OPM has established effective policies and procedures to efficiently hire new employees and meet the hiring timeliness goal.

OPM's Internal Anti-Harassment Program

Harassment at work can have negative impacts on the employee—such as decreased productivity, poor morale, and increased turnover—which in turn affect the organization. Each federal agency is tasked with establishing anti-harassment policies and procedures to stem the

⁴ Agency Overview, OPM website located at <https://www.opm.gov/about-us/strategic-plan/agency-overview/>.

prevalence of workplace harassment that violates discrimination laws. Goal 1 of The OPM Diversity, Equity, Inclusion, and Accessibility Strategic Plan is to “promote a safe workplace experience by strengthening employees’ knowledge of and confidence in anti-harassment and safety practices.”⁵

The OPM anti-harassment policy and procedures manual

- Defines harassment,
- Prohibits harassment,
- Describes responsibilities for OPM employees and managers, and
- Establishes and describes responsibilities of an anti-harassment coordinator.

We will determine if the OPM has effective controls in place to effectively report, investigate, and adjudicate employee allegations of harassment.

OPM Retirement Services’ Suspense Accounts

OPM Retirement Services is responsible for the governmentwide administration of retirement benefits and services for federal employees, retirees, and their eligible family members, serving nearly 2.5 million federal retirees and survivors who receive monthly annuity payments. Retirement Services conducts various surveys for particular sectors of the OPM annuitant population. Retirement, disability, or survivor benefits (payments) are suspended if a reply is not received. Retirement Services will suspend all benefits for which surveys were returned as ‘Undeliverable,’ and no new mailing address had been posted to the annuity record.⁶ A suspense account is established to temporarily hold payments that could end up being restored or written off once its final destination is determined. The decision on final destination requires staff, time, and research to resolve.

We will determine whether OPM Retirement Services has controls in place to manage and resolve suspense accounts in compliance with legislative authority and in a timely manner. We will also determine if Retirement Services staff maintains documentation to support its decisions to write off (close) accounts or restore annuity payments.

⁵ OPM’s *Diversity, Equity, Inclusion, and Accessibility Strategic Plan*, <https://www.opm.gov/about-us/reports-publications/agency-plans/agency-deia-strategic-plan/deia-goals/>.

⁶ Retirement Eligibility Surveys, OPM website located at <https://www.opm.gov/retirement-services/my-annuity-and-benefits/retirement-eligibility-surveys/?page=3>.

Investigative Priorities for FY 2025

The OIG maintains a nationwide investigative presence and conducts criminal, civil, and administrative investigations into allegations of fraud, waste, or abuse involving OPM programs and operations. These investigations primarily are categorized as health care fraud, retirement annuity fraud, and employee integrity investigations.

Investigations are based on proactive activities as well as responses to allegations of fraud, waste, or abuse affecting OPM programs. The OIG receives allegations of wrongdoing from OPM program offices, whistleblower disclosures, and the FEHBP health insurance carriers through carrier notifications. Proactive activities conducted by the OIG, such as using analytics to identify deceased annuitants and working with FEHBP carriers to identify abusive billing patterns, are also areas for potential fraud investigations.

The OIG's workplan prioritizes investigations into the following allegations, which are identified in our investigative priorities:

- Physical or financial harm to federal employees, annuitants, or eligible family members involved in OPM programs.
- Substantial financial loss to OPM programs.
- Vulnerabilities that could allow ongoing fraud, waste, or abuse to continue in OPM programs.

OIG Internal Collaborative Work

The OIG's investigative efforts, based on these priorities and leveraging collaborative work between the Offices of Audits, Evaluations, and Investigations, will likely focus on the following areas:

Improper payments in OPM programs. The OIG investigates allegations of improper payments made by OPM programs. When our investigations find systemic or programmatic issues, we refer those issues to the Office of Audits or Office of Evaluations for potential action. Similarly, the Office of Audits conducts a number of audits each year that can identify the disbursement of potential improper payments or potential wrongdoing that rises to the level of potential civil or criminal action and necessitates referral to the Office of Investigations.

Oversight of the Postal Service Health Benefits Program (PSHBP). In January 2025, the PSHBP will for the first time begin disbursing benefits in the form of health insurance coverage to U.S. Postal Service employees. Like the FEHBP, this system uses contracted private health insurers to provide health insurance coverage. The Office of Audits has conducted ongoing performance audit activities related to the program's implementation, and the Office of Investigations will continue to investigate any referrals generated through those audits, as necessary. But with the change to the PSHBP being an active program within the FEHBP, the Office of Investigations will conduct oversight activities of the program.

Ineligible FEHBP and PSHBP members. Ineligible members receiving health care benefits have been an ongoing concern and an area of potential fraud, waste, and abuse within the FEHBP. Recent changes by OPM requiring additional validation of enrolled members may identify FEHBP members who are inappropriately receiving health care benefits. The beginning of the PSHBP will require some of its members who add dependents to use, for the first time, a centralized enrollment portal to verify the eligibility of dependent members because of a qualifying life event. This may prevent the enrollment of some ineligible members but members who provide falsified documents to the centralized enrollment portal during the enrollment process will require investigation, and the program will still face ongoing risks because the majority of PSHBP members were shifted into the program without eligibility validation of their spouses or dependents.

Information technology and data quality and reporting. The Office of Investigations coordinates investigations as necessary related to potential intrusions, data breaches, or other threats to OPM's information technology system. These investigations may be based on information from OPM or discoveries by other OPM OIG components during their ongoing work in these areas.



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