

Office of INSPECTOR GENERAL

Audit Report

Audit of HealthPlus Claim

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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September 16, 1991

AUDIT OF HEALTHPLUS CLAIM

The Office of Inspector General has completed an audit of the HealthPlus claim. This audit was scheduled in response to a request from the Office of Personnel Management (OPM) for assistance in conducting a government-wide audit. The objectives of the audit were to: 1) determine the validity of the USITC portion of the claim made by HealthPlus against OPM; 2) determine the amounts due HealthPlus, through OPM, from USITC; and 3) identify the causes of any overpayments or underpayments to HealthPlus.

For the twelve pay periods selected by OPM, we reviewed the amounts paid by the Commission and the employee with the amount claimed by HealthPlus. There were differences in three pay periods. In all instances, HealthPlus had been properly notified of the transactions and the proper amounts were remitted on behalf of the Commission and the employee.

Due to the limited nature of this report, it was not issued in draft for comments. A working draft was reviewed by officials in the Office of Administration and discussed at an exit conference on September 12, 1991. They agreed with the findings. Their comments were incorporated as appropriate.

A handwritten signature in cursive script, reading "Jane E. Altenhofen".

Jane E. Altenhofen
Inspector General

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INTRODUCTION AND SCOPE

The Office of Inspector General has completed an audit of the HealthPlus claim. This audit was scheduled in response to a request from the Office of Personnel Management (OPM) for assistance in conducting a government-wide audit. The objectives of the audit were to: 1) determine the validity of the USITC portion of the claim made by HealthPlus against OPM; 2) determine the amounts due HealthPlus, through OPM, from USITC; and 3) identify the causes of any overpayments or underpayments to HealthPlus.

Our audit was conducted in August and September 1991. The fieldwork was performed at Commission Headquarters in Washington, D.C. We interviewed agency officials, primarily in the Offices of Finance and Budget and Personnel, to determine policy and procedures concerning collection of premiums and remittals to OPM. We also conducted telephone interviews with officials at the General Services Administration (GSA) National Payroll Center in Kansas City, Missouri which processes the Commission's payroll. Records were obtained from the Office of Finance and Budget and GSA.

Our audit covered fiscal year (FY) 1988 to date, specifically 12 pay periods selected by OPM as part of a statistically valid sample (see Exhibit A). For these pay periods, we identified differences between the agency records and HealthPlus claim and determined the reasons for the differences.

A prior audit report on the personnel/payroll system had identified a weakness in that the Commission did not verify changes in employee deductions, such as health benefits. Subsequent to the identification of this weakness, the Office of Finance and Budget compared the entire master payroll listing to the personnel records. Any differences in deductions, including health benefits, were reconciled. The Office has also requested that GSA send the change lists every pay period so they can be reviewed.

This audit was performed in accordance with applicable generally accepted government auditing standards. Accordingly, the audit included an examination of internal controls and other auditing procedures that were considered necessary under the circumstances.

BACKGROUND

In December 1990, HealthPlus of Maryland submitted a \$2.9 million claim to OPM under the contract disputes clause of their contract. The claim relates to alleged underpayments of health benefits premiums on a government-wide basis during contract years 1988 through 1990.

OPM administers the Federal Employee's Health Benefits Program on behalf of the Federal government. Among its responsibilities, OPM acts as a fiscal intermediary between Federal agencies and health insurance carriers. Federal agencies collect the employee's share of the insurance premiums, add to it the Government's share which is funded by the agency appropriation from which the employee is paid, and forward the total amounts to OPM. OPM pays the total amount collected from Federal agencies, less an amount held by OPM for reserves, to the insurance carriers. HealthPlus is one of those insurance carriers.

Within the Commission, an employee elects to participate in a health plan, such as HealthPlus, by completing a SF-2809. Employees can enroll in or change their health plans in response to designated happenings, e.g. change in marital status or employment; these changes are effective the following pay period. Annually, there is an open period during which employees can elect to change health plans; these changes are effective on an established date after the end of the open period. Termination of plan participation due to an employee's resignation is reflected on a SF-2810.

Completed SF-2809s and 2810s are sent to the GSA National Payroll Center. A copy is put in the employee's official personnel file. GSA enters any changes in health benefits into their computer system and reviews a change list to ensure the changes have been correctly entered. Copies are attached to a SF-2811 which is sent to the health plan carrier which must certify that the report has been received.

Every pay period, GSA deducts the employees' share of the health benefits premium from their paychecks, and deducts the Commission's share from the agency appropriation. These amounts are reported to the Commission on SF-2812s and 2812as. GSA submits the forms and the entire amount of funds deducted to OPM for transmittal to HealthPlus.

FINDINGS

For the twelve pay periods selected by OPM, we reviewed the amounts paid by the Commission and the employee with the amount claimed by HealthPlus. There were differences in three pay periods. In all instances, HealthPlus had been properly notified of the transactions and the proper amounts were remitted on behalf of the Commission and the employee.

EXPLANATION OF DIFFERENCES

1. For the pay period ending (PPE) March 11, 1989, K. Edwards was listed on the HealthPlus Claim and the Commission list of enrollees. The agency contribution had been remitted to OPM. The employee was on leave without pay (LWOP) for this and two additional pay periods, during which time the employee contribution was not remitted to OPM. A deduction for the employee's share for these three pay periods was made in the PPE April 22, 1989.

2. For the PPE May 19, 1990, P. Kahn was listed on the HealthPlus claim but not on the Commission list of enrollees. Kahn terminated employment on April 20, 1990. HealthPlus certified that they had received the SF-2811 notice of the termination on May 30, 1990. That SF-2811 also notified HealthPlus that Kahn was re-enrolling effective May 21, 1990, as part of the continued insurance coverage benefit. No premiums were due from the employee or Commission during the 31 day period after termination prior to the new coverage being effective.

3. For the PPE October 29, 1990, A. Wylegala was listed on the HealthPlus claim but not on the Commission list of enrollees. Wylegala terminated employment on October 6, 1990. GSA sent the SF-2811 to HealthPlus on October 23, 1990. HealthPlus certified that they had received the SF-2811 notice of the termination on November 27, 1990. The GSA representative said occasionally the carriers have a backlog and do not promptly return the certifications.

A summation of these findings is presented in Exhibits B and C.

LWOP PROCEDURES

OPM requested that the procedures for collecting premiums during LWOP periods be specifically addressed. According to GSA officials, if an employee is on LWOP, the agency portion is deducted according to standard procedure and the employee's share

is deducted to the extent possible. Employees on extended LWOP are notified in writing of their responsibility to make the premium payments. A copy of this notice is sent to the agency's personnel office. If the employee returns to work, GSA will deduct past due premium payments from the employee's paychecks. If the employee does not return to work, the premiums due can usually be recovered from the individual's final pay or retirement check. In the rare instances when this is not possible, GSA will try to recover the funds due from the individual. GSA does not establish receivables for these amounts. The Commission has never been notified of any problems in recovering premiums due and has not established any procedures for collections or receivables.

USOPM, OIG, INSURANCE AUDITS DIVISION
SAMPLING FOR BI-WEEKLY (VERSION A) PAYROLL CYCLES
U S INTERNATIONAL TRADE COMMISSION

PAY PERIOD #	FROM DATE		TO DATE
8811	05/22/88	-	06/04/88
8820	09/25/88	-	10/08/88
8905	02/26/89	-	03/11/89
8912	06/04/89	-	06/17/89
8916	07/30/89	-	08/12/89
8924	11/19/89	-	12/02/89
9006	03/25/90	-	04/07/90
9007	04/08/90	-	04/21/90
9009	05/06/90	-	05/19/90
9015	07/29/90	-	08/11/90
9017	08/26/90	-	09/08/90
9020	10/07/90	-	10/20/90

EXAMINATION OF SAMPLE RESULTS

AGENCY: USITC

YEAR: 1989

PAYROLL PERIOD: 3/11/89

EMPLOYEE NAME & PAY OFFICE NO.	AMT DUE OPM FOR PLAN			AMT PAID OPM FOR PLAN			UNDER/(OVER) PYMT			CAUSE OF ERROR
	GOVT.	EMPLOYEE	TOTAL	GOVT.	EMPLOYEE	TOTAL	GOVT.	EMPLOYEE	TOTAL	
Kimberly Edwards	92.88	30.96	123.84	92.88	30.96	123.84	Ø	Ø	Ø	
34-00-0001										
TOTAL			[1]						[2]	

[1] To Exhibit C, Sample-Dollars column.

[2] To Exhibit C, Results-Dollars column.

Note: The amounts required on this schedule are gross amounts, not net-to-carrier amounts.

EXAMINATION OF SAMPLE RESULTS

AGENCY: USTIC

YEAR: 1990

PAYROLL PERIOD: 5/19/90

EMPLOYEE NAME & PAY OFFICE NO.	AMT DUE OPM FOR PLAN			AMT PAID OPM FOR PLAN			UNDER/(OVER)PYMT			CAUSE OF ERROR
	GOVT.	EMPLOYEE	TOTAL	GOVT.	EMPLOYEE	TOTAL	GOVT.	EMPLOYEE	TOTAL	
Peter L. Kahn	Ø	Ø	Ø	Ø	Ø	Ø	Ø	Ø	Ø	
34-00-0001										
TOTAL			[1]						[2]	

[1] To Exhibit C, Sample-Dollars column.

[2] To Exhibit C, Results-Dollars column.

Note: The amounts required on this schedule are gross amounts, not net-to-carrier amounts.

EXAMINATION OF SAMPLE RESULTS

AGENCY: USITC

YEAR: 1990

PAYROLL PERIOD: 10/20/90

EMPLOYEE NAME & PAY OFFICE NO.	AMT DUE OPM FOR PLAN			AMT PAID OPM FOR PLAN			UNDER/(OVER)PYMT			CAUSE OF ERROR
	GOVT.	EMPLOYEE	TOTAL	GOVT.	EMPLOYEE	TOTAL	GOVT.	EMPLOYEE	TOTAL	
Andrew P. Wylegala	Ø	Ø	Ø	Ø	Ø	Ø	Ø	Ø	Ø	
34-00-0001										
TOTAL			[1]						[2]	

[1] To Exhibit C, Sample-Dollars column.

[2] To Exhibit C, Results-Dollars column.

Note: The amounts required on this schedule are gross amounts, not net-to-carrier amounts.

**STATISTICAL PROJECTIONS
(BY YEAR, BY PAY PERIOD)**

AGENCY: USITC

1988 RESULTS

<u>PAY PERIOD</u>	[1] UNIVERSE <u>NUMBER</u> <u>DOLLARS</u>		[2] SAMPLE (SUB UNIVERSE) <u>NUMBER</u> <u>DOLLARS</u>		[2] RESULTS <u>NUMBER</u> <u>DOLLARS</u>		PROJECTIONS <u>NUMBER</u> <u>DOLLARS</u>	
5/22/88-6/4/88	Ø	Ø	Ø	Ø	Ø	Ø		
9/25/88-10/8/88	Ø	Ø	Ø	Ø	Ø	Ø		
TOTAL	Ø	Ø	Ø	Ø	Ø	Ø		
PERCENT								

1989 RESULTS

<u>PAY PERIOD</u>	[1] UNIVERSE <u>NUMBER</u> <u>DOLLARS</u>		[2] SAMPLE (SUB UNIVERSE) <u>NUMBER</u> <u>DOLLARS</u>		[2] RESULTS <u>NUMBER</u> <u>DOLLARS</u>		PROJECTIONS <u>NUMBER</u> <u>DOLLARS</u>	
2/26/89-3/11/89	1	123.84	1	123.84	1	Ø		
6/4/89-6/17/89	Ø	Ø	Ø	Ø	Ø	Ø		
7/30/89-8/12/89	Ø	Ø	Ø	Ø	Ø	Ø		
11/19/89-12/2/89	Ø	Ø	Ø	Ø	Ø	Ø		
TOTAL	1	123.84	1	123.84	1	Ø		
PERCENT								

[1] Total difference in pay periods selected for review.

From Exhibit B.

**STATISTICAL PROJECTIONS
(BY YEAR, BY PAY PERIOD)**

AGENCY: USITC

1990 RESULTS

<u>PAY PERIOD</u>	[1] UNIVERSE <u>NUMBER</u> <u>DOLLARS</u>		[2] SAMPLE (SUB UNIVERSE) <u>NUMBER</u> <u>DOLLARS</u>		[2] RESULTS <u>NUMBER</u> <u>DOLLARS</u>		PROJECTIONS <u>NUMBER</u> <u>DOLLARS</u>	
3/25/90-4/7/90	Ø	Ø	Ø	Ø	Ø	Ø		
4/8/90-4/21/90	Ø	Ø	Ø	Ø	Ø	Ø		
5/6/90-5/19/90	1	60.99	1	Ø	1	Ø		
7/29/90-8/11/90	Ø	Ø	Ø	Ø	Ø	Ø		
8/26/90-9/8/90	Ø	Ø	Ø	Ø	Ø	Ø		
10/7/90-10/20/90	1	139.60	1	Ø	Ø	Ø		
TOTAL	2	200.59	2	Ø	Ø	Ø		
PERCENT								

[1] Total difference in pay periods selected for review.

[2] From Exhibit B.

