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

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# **Final Audit Report**

**Audit of Cash Management  
Activities and Aging Refunds  
for a Sample of BlueCross and/or  
BlueShield Plans**

**Report Number 2022-ERAG-0012**  
**December 13, 2022**

# Executive Summary

Audit of Cash Management Activities and Aging Refunds for a Sample of BlueCross and/or BlueShield Plans

Report No. 2022-ERAG-0012

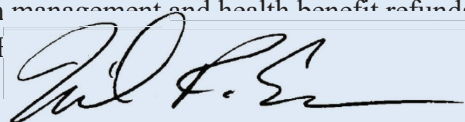
December 13, 2022

## Why did we conduct the audit?

We conducted this limited scope audit to obtain reasonable assurance that the BlueCross and/or BlueShield (BCBS) plans are complying with the provisions of the Federal Employees Health Benefits Act and regulations pertaining to cash management activities and health benefit refunds that are included, by reference, in the Federal Employees Health Benefits Program (FEHBP) contract. The objectives of our audit were to determine if the 22 BCBS plans in our sample handled FEHBP funds, including aging Federal Employee Program (FEP) refunds, in accordance with the contract and applicable laws and regulations concerning cash management and health benefit refunds in the FEHBP.

## What did we audit?

Our audit covered cash management activities and practices related to FEHBP funds for contract year 2019 through June 30, 2021, and aging FEP refunds as of June 30, 2021, for a sample of 22 BCBS plans. Specifically, we reviewed the BCBS plans' dedicated FEP investment accounts, letter of credit account (LOCA) drawdowns, working capital calculations, adjustments and/or balances, United States Department of Treasury (Treasury) offsets, and interest income transactions for the scope of the audit, to determine if these 22 BCBS plans handled FEHBP funds in accordance with the contract and applicable laws and regulations concerning cash management and health benefit refunds in the FEHBP.



**Michael R. Esser**  
*Assistant Inspector General  
for Audits*

## What did we find?

We questioned \$635,783 in cash management activities, aging FEP refunds and lost investment income (LII) for six BCBS plans. The BlueCross BlueShield Association and applicable BCBS plans agreed with all the questioned amounts. As part of our review, we verified that the applicable BCBS plans subsequently returned all the questioned amounts to the FEHBP.

Our audit results are summarized as follows:

- **Excess Funds** – Our audit determined that Excellus BCBS held excess FEHBP funds, totaling \$320,392, in the plan's FEP investment account as of June 30, 2021. These excess FEHBP funds consisted of \$304,451 in cash receipt refunds and \$15,941 in medical drug rebates.
- **Aging Health Benefit Refunds** – Our audit determined that five BCBS plans had not timely returned aging FEP refunds, totaling \$192,974, to the FEHBP as of June 30, 2021 (\$99,109 by Wellmark BCBS, \$89,116 by BCBS of Rhode Island, \$2,997 by BCBS of Wyoming, \$1,151 by BCBS of North Dakota, and \$601 by BCBS of Minnesota). We verified that these plans subsequently returned these questioned refunds untimely to the FEHBP, more than 60 days after receipt and after our audit notification date. We also verified that these plans subsequently returned \$280 to the FEHBP for applicable LII calculated on these questioned refunds.
- **LOCA Overdraws (Drawdown Errors)** – For Excellus BCBS, we questioned \$109,563 for a LOCA overdraw and \$1,229 for applicable LII on this overdraw. We verified that Excellus BCBS subsequently returned the questioned LOCA overdraw and LII to the FEHBP. For BCBS of Minnesota, we questioned \$4,813 for applicable LII calculated on a LOCA overdraw where the plan returned the overdraw to the FEHBP during the audit scope but inadvertently had not calculated and returned LII to the FEHBP. We verified that BCBS of Minnesota subsequently returned the questioned LII to the FEHBP.
- **United States Treasury Offsets** – For BCBS of Rhode Island, we questioned \$6,488 for four Treasury offsets against the LOCA that had not been returned to the FEHBP as of June 30, 2021, and \$44 for applicable LII calculated on these offsets. We verified that BCBS of Rhode Island subsequently returned the questioned Treasury offsets and LII to the FEHBP.

# Abbreviations

<b>AIR</b>	<b>Audit Information Request</b>
<b>Association</b>	<b>BlueCross BlueShield Association</b>
<b>BCBS</b>	<b>BlueCross (BC) and/or BlueShield (BS)</b>
<b>BCBSA</b>	<b>BlueCross BlueShield Association</b>
<b>CFR</b>	<b>Code of Federal Regulations</b>
<b>Contract</b>	<b>Contract CS 1039</b>
<b>FEHB</b>	<b>Federal Employees Health Benefits</b>
<b>FEHBAR</b>	<b>Federal Employees Health Benefits Acquisition Regulations</b>
<b>FEHBP</b>	<b>Federal Employees Health Benefits Program</b>
<b>FEP</b>	<b>Federal Employee Program</b>
<b>Guidelines</b>	<b>Letter of Credit System Guidelines</b>
<b>LII</b>	<b>Lost Investment Income</b>
<b>LOCA</b>	<b>Letter of Credit Account</b>
<b>OIG</b>	<b>Office of the Inspector General</b>
<b>OPM</b>	<b>U.S. Office of Personnel Management</b>
<b>Treasury</b>	<b>United States Department of Treasury</b>

# Table of Contents

	<b>Executive Summary .....</b>	<b>i</b>
	<b>Abbreviations.....</b>	<b>ii</b>
I.	<b>Background.....</b>	<b>1</b>
II.	<b>Objectives, Scope, and Methodology.....</b>	<b>3</b>
III.	<b>Audit Findings and Recommendations.....</b>	<b>7</b>
	A. Excess Funds.....	7
	B. Aging Health Benefit Refunds .....	9
	C. Letter of Credit Account Overdraws (Drawdown Errors).....	12
	D. United States Treasury Offsets.....	14
IV.	<b>Schedule A – Questioned Charges</b>	
	<b>Appendix:</b> BlueCross BlueShield Association Draft Report Response, dated August 29, 2022	
	<b>Report Fraud, Waste, and Mismangement</b>	

# I. Background

This final report details the findings, conclusions, and recommendations from our limited scope audit of the Federal Employees Health Benefits Program (FEHBP) operations at a sample of 22 BlueCross (BC) and/or BlueShield (BS) plans, pertaining to these plans' cash management activities and practices, including aging health benefit refunds, related to FEHBP funds.

The audit was performed by the U.S. Office of Personnel Management's (OPM) Office of the Inspector General (OIG), as established by the Inspector General Act of 1978, as amended.

The FEHBP was established by the Federal Employees Health Benefits (FEHB) Act (Public Law 86-382), enacted on September 28, 1959. The FEHBP was created to provide health insurance benefits for Federal employees, annuitants, and dependents. OPM's Healthcare and Insurance Office has overall responsibility for administration of the FEHBP. The provisions of the FEHB Act are implemented by OPM through regulations, which are codified in Title 5, Chapter 1, Part 890 of the Code of Federal Regulations (CFR). Health insurance coverage is made available through contracts with various health insurance carriers.

The BlueCross BlueShield Association (Association or BCBSA), on behalf of participating local BlueCross and/or BlueShield (BCBS) plans, has entered into a Government-wide Service Benefit Plan contract (Contract CS 1039) with OPM to provide a health benefit plan authorized by the FEHB Act. The Association delegates authority to participating local BCBS plans throughout the United States to process the health benefit claims of its Federal subscribers. There are 34 BCBS companies participating in the FEHBP. These 34 companies include 60 local BCBS plans.

The Association has established a Federal Employee Program (FEP<sup>1</sup>) Director's Office in Washington, D.C. to provide centralized management for the Service Benefit Plan. The FEP Director's Office coordinates the administration of the contract with the Association, member BCBS plans, and OPM.

The Association has also established an FEP Operations Center. The activities of the FEP Operations Center are performed by the Service Benefit Plan Administrative Services Corporation, an affiliate of CareFirst BCBS, located in Washington, D.C. These activities include acting as intermediary for claims processing between the Association and local BCBS plans, processing and maintaining subscriber eligibility, adjudicating member claims on behalf of BCBS plans, approving or disapproving the reimbursement of local plan payments of FEHBP claims (using computerized system edits), maintaining a history file of FEHBP claims, and maintaining claims payment data.

Compliance with laws and regulations applicable to the FEHBP is the responsibility of the management for the Association and each BCBS plan. In addition, working in partnership with

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<sup>1</sup> Throughout this report, when we refer to "FEP," we are referring to the Service Benefit Plan lines of business at the Plan. When we refer to the "FEHBP," we are referring to the program that provides health benefits to Federal employees, annuitants, and eligible family members.

the Association, management of each BCBS plan is responsible for establishing and maintaining a system of internal controls.

All findings from our previous focused audit of cash management activities for a sample of BCBS plans (Report No. 1A-99-00-17-001, dated March 14, 2018), covering contract year 2015 through June 30, 2016, have been satisfactorily resolved.

The results of this audit were discussed with the Association throughout the audit and at an exit conference on June 29, 2022; and were presented in detail in a draft report, dated July 15, 2022. The Association's comments offered in response to the draft report were considered in preparing our final report and are included as an Appendix to this report.



# II. Objectives, Scope, and Methodology

## Objectives

The objectives of this audit were to determine whether the 22 BCBS plans in our sample handled FEHBP funds, including aging FEP refunds, in accordance with Contract CS 1039 (contract) and the applicable laws and regulations concerning cash management and health benefit refunds in the FEHBP.

## Scope

We conducted our limited scope 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.

For a sample of 22 BCBS plans, the audit covered these plans' cash management activities and practices for contract year 2019 through June 30, 2021, and these plans' aging FEP refunds as of June 30, 2021. Our sample included most of the BCBS plans with FEHBP health benefit payments of \$500 million or less in contract year 2020 (except for several BCBS plans that are part of multi-plan companies, such as Anthem Inc., Cambia Health Solutions, Health Care Service Corporation, and Highmark Health).<sup>2</sup>

Specifically, we reviewed the BCBS plans' letter of credit account (LOCA) drawdowns, working capital calculations, adjustments and/or balances, United States Department of Treasury (Treasury) offsets, and interest income transactions for contract year 2019 through June 30, 2021, as well as the plans' dedicated FEP investment account activities during the scope and balances as of June 30, 2021, to determine if the 22 BCBS plans in our sample handled FEHBP funds in accordance with the contract and applicable laws and regulations concerning cash management in the FEHBP. We also reviewed the BCBS plans' aging FEP refunds to determine if the plans held refunds as of June 30, 2021, that had not been deposited into the FEP investment account within 30 days after receipt and/or returned to the FEHBP within 60 days after receipt.

We did not consider each BCBS plan's internal control structure in planning and conducting our auditing procedures. Our audit approach consisted mainly of substantive tests of transactions

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<sup>2</sup> Our sample consisted of the following BCBS plans: BCBS of Alabama (010/510), BCBS of Arizona (030/530), BCBS of Hawaii (471/971), BC of Idaho (110/610), Wellmark BCBS (Iowa/South Dakota, 140/640/889), BCBS of Kansas (150/650), BCBS of Louisiana (170/670), BCBS of Michigan (210/710), BCBS of Minnesota (220/720), BCBS of Mississippi (230/730), BCBS of Kansas City (Missouri, 240/740), BCBS of Nebraska (260/760), BCBS of Western New York (301/800/801), Excellus BCBS (New York, 304/804), BCBS of North Dakota (320/820), Capital BC (Pennsylvania, 361), Independence BC (Pennsylvania, 362), Triple-S, Inc. of Puerto Rico (973), BCBS of Rhode Island (370/870), BCBS of South Carolina (380/880), BCBS of Vermont (415/915), and BCBS of Wyoming (460/960).

and not tests of controls. Therefore, we do not express an opinion on each BCBS plan's system of internal controls taken as a whole.

We also conducted tests to determine whether the BCBS plans in our sample had complied with the contract, the applicable procurement regulations (i.e., Federal Acquisition Regulations (FAR) and Federal Employees Health Benefits Acquisition Regulations (FEHBAR), as appropriate), and the laws and regulations governing the FEHBP that relate to cash management of FEHBP funds, including health benefit refunds. The results of our tests indicate that, with respect to the items tested, six BCBS plans in our sample did not comply with all provisions of the contract and Federal regulations relative to cash management of FEHBP funds. Exceptions noted in the areas reviewed are set forth in detail in the "Audit Findings and Recommendations" section of this audit report. With respect to the items not tested, nothing came to our attention that caused us to believe that the BCBS plans in our sample had not complied, in all material respects, with those provisions.

In conducting our audit, we relied to varying degrees on computer-generated data provided by the BCBS plans in our sample and the FEP Director's Office. 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.

The audit fieldwork phase was performed remotely in the Cranberry Township, Pennsylvania; Jacksonville, Florida; and Washington, D.C. areas from February 1, 2022, through June 29, 2022. Throughout the audit process, the Association's FEP Director's Office and applicable BCBS plans did a great job providing complete and timely responses to our numerous requests for explanations and supporting documentation. We greatly appreciated the cooperation and responsiveness by the Association's FEP Director's Office and applicable BCBS plans during the pre-audit and fieldwork phases of this audit.

## Methodology

To test the 22 BCBS plans in our sample for compliance with the contract provisions and applicable laws and regulations relative to cash management of FEHBP funds, we selected and reviewed a judgmental sample of 30 LOCA drawdowns from each plan (except for BCBS of Louisiana and BCBS of Michigan) for the purpose of determining if the LOCA drawdowns were appropriate and adequately supported during the audit scope.<sup>3</sup> Our sample included the highest dollar LOCA drawdown from each month in the audit scope for each of these BCBS plans. We also selected an additional LOCA drawdown for Excellus BCBS based on our nomenclature review of the plan's monthly cash management schedules. In total for these 22 BCBS plans, we

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<sup>3</sup> For the BCBS plans of Louisiana and Michigan, we limited the scope to contract year 2020 through June 30, 2021, since we recently audited contract year 2019 for both plans. Therefore, we only selected and reviewed a judgmental sample of 18 LOCA drawdowns for each of these BCBS plans.



selected and reviewed 637 LOCA drawdowns, totaling \$2.94 billion (out of \$11.44 billion), for contract year 2019 through June 30, 2021. These 637 LOCA drawdowns consisted of the following:

- 30 drawdowns, totaling \$318,860,964 (out of \$1,233,276,656), for BCBS of Alabama;
- 30 drawdowns, totaling \$103,808,329 (out of \$1,158,862,956), for BCBS of Arizona;
- 30 drawdowns, totaling \$15,737,389 (out of \$60,049,637), for BCBS of Hawaii;
- 30 drawdowns, totaling \$90,634,807 (out of \$336,519,142), for BC of Idaho;
- 30 drawdowns, totaling \$188,320,681 (out of \$595,903,494), for Wellmark BCBS;
- 30 drawdowns, totaling \$92,402,010 (out of \$369,267,354), for BCBS of Kansas;
- 18 drawdowns, totaling \$118,949,929 (out of \$439,675,531), for BCBS of Louisiana;
- 18 drawdowns, totaling \$147,934,112 (out of \$536,502,947), for BCBS of Michigan;
- 30 drawdowns, totaling \$328,478,355 (out of \$1,220,466,154), for BCBS of Minnesota;
- 30 drawdowns, totaling \$215,405,607 (out of \$568,901,030), for BCBS of Mississippi;
- 30 drawdowns, totaling \$175,868,211 (out of \$674,030,541), for BCBS of Kansas City;
- 30 drawdowns, totaling \$133,173,715 (out of \$461,071,250), for BCBS of Nebraska;
- 30 drawdowns, totaling \$52,619,409 (out of \$182,488,912), for BCBS of Western New York;
- 31 drawdowns, totaling \$108,816,207 (out of \$390,871,912), for Excellus BCBS;
- 30 drawdowns, totaling \$58,532,419 (out of \$233,079,174), for BCBS of North Dakota;
- 30 drawdowns, totaling \$207,131,072 (out of \$727,049,393), for Capital BC;
- 30 drawdowns, totaling \$201,396,017 (out of \$682,613,638), for Independence BC;
- 30 drawdowns, totaling \$5,267,140 (out of \$10,657,031), for Triple-S, Inc. of Puerto Rico;
- 30 drawdowns, totaling \$53,015,087 (out of \$195,643,921), for BCBS of Rhode Island;
- 30 drawdowns, totaling \$231,036,774 (out of \$945,877,173), for BCBS of South Carolina;
- 30 drawdowns, totaling \$45,181,702 (out of \$176,609,456), for BCBS of Vermont; and,
- 30 drawdowns, totaling \$51,156,520 (out of \$213,904,992), for BCBS of Wyoming.

The sample results were not projected to the universe of LOCA drawdowns, since we did not use statistical sampling. We also reviewed the BCBS plans' working capital calculations, adjustments and/or balances, Treasury offsets, and interest income transactions for contract year 2019 through June 30, 2021, as well as the plans' dedicated FEP investment account activities during the scope and for balances as of June 30, 2021.<sup>4</sup>

To test the 22 BCBS plans in our sample for compliance with the contract provisions and applicable regulations relative to returning health benefit refunds to the FEHBP, we selected and reviewed a judgmental sample of 260 aging FEP refunds, totaling \$1,259,111 (from a universe of 3,782 aging FEP refunds, totaling \$4,287,634, as of June 30, 2021), based on our nomenclature review of the BCBS plans' aging FEP refund schedules. The BCBS plans' aging FEP refund

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<sup>4</sup> During our audit scope, we noted that six BCBS plans in our sample did not have working capital deposits. Based on OPM's "Letter of Credit System Guidelines" (dated April 2018), a working capital deposit is recommended but not required. Therefore, these six BCBS plans also did not have dedicated FEP investment accounts.

schedules as of June 30, 2021, consisted of health benefit refunds held by the plans that had not been returned to the FEHBP as of June 30, 2021. For our sample, we reviewed these aging FEP refunds to determine if the plans held refunds as of June 30, 2021, that had not been deposited into the FEP investment account (if applicable) within 30 days after receipt and/or returned to the FEHBP (via LOCA drawdown adjustments) within 60 days after receipt. The sample results were not projected to the universe of aging FEP refunds, since we did not use statistical sampling.

# III. Audit Findings and Recommendations

## A. Excess Funds: \$320,392

Our audit determined that Excellus BCBS held excess FEHBP funds of \$320,392 in the dedicated FEP investment account as of June 30, 2021. These excess FEHBP funds consisted of \$304,451 for cash receipt refunds and \$15,941 for medical drug rebates. The Plan subsequently returned these questioned excess funds of \$320,392 to the FEHBP ranging from 70 to 634 days late, after receiving our audit notification, and/or because of our audit. Since these questioned excess funds were timely deposited into the plan's dedicated FEP investment account, lost investment income (LII) is not applicable for this audit finding.

48 CFR 31.201-5 states, "The applicable portion of any income, rebate, allowance, or other credit relating to any allowable cost and received by or accruing to the contractor shall be credited to the Government either as a cost reduction or by cash refund."

Contract CS 1039, Part II, Section 2.3 (i) states, "All health benefit refunds and recoveries, including erroneous payment recoveries, must be deposited into the working capital or investment account [if applicable] within 30 days and returned to or accounted for in the FEHBP letter of credit account within 60 days after receipt by the Carrier."

Regarding reportable monetary findings, Contract CS 1039, Part III, Section 3.16 (a) states, "Audit findings . . . in the scope of an OIG audit are reportable as questioned charges unless the Carrier provides documentation supporting that the findings were already identified and corrected (i.e., . . . untimely health benefit refunds were already processed and returned to the FEHBP) prior to audit notification."

**Excellus BCBS held excess FEHBP funds of \$320,392 in the FEP investment account as of June 30, 2021.**

Excellus BCBS's dedicated FEP investment account generally includes working capital funds, approved LOCA drawdown reimbursements, health benefit refunds and recoveries from providers and subscribers, interest income earned, and other cash identified as due to the FEP. Based on Contract CS 1039, all funds deposited into Excellus BCBS's FEP investment account, such as health benefit refunds and recoveries, medical drug rebates, interest income, and excess working capital, should be returned to the FEHBP by adjusting the LOCA within 60 days after receipt by Excellus BCBS. In addition, approved reimbursements from the LOCA that are deposited into Excellus BCBS's FEP investment account should be timely transferred from the FEP investment account to its corporate account.

In our Audit Information Request (AIR), we requested each of the 22 BCBS plans in our sample to provide a reconciliation and detailed itemization of the funds in the plan's dedicated FEP investment account as of June 30, 2021, including an aging of these funds.<sup>5</sup> Based on our review of the plans' FEP investment account reconciliations and supporting documentation, we only noted exceptions for Excellus BCBS. Specifically, we determined that Excellus BCBS held excess FEHBP funds of \$320,392 in the plan's FEP investment account as of June 30, 2021, consisting of \$304,451 for cash receipt refunds and \$15,941 for medical drug rebates. Excellus BCBS subsequently returned the questioned excess FEHBP funds for the cash receipt refunds to the LOCA in August 2021 through November 2021, from 70 to 634 days late, after receiving our audit notification letter (dated July 1, 2021), and/or because of our audit. Excellus BCBS also subsequently returned the questioned excess FEHBP funds for the medical drug rebates to the LOCA in July 2021 and September 2021, over 200 days late. Because these cash receipt refunds and medical drug rebates were timely deposited into the FEP investment account, these questioned excess FEHBP funds are not subject to LII.

#### **Association Response:**

**The Associations agrees with the finding and recommendations. For the procedural recommendation, the Association will work with Excellus BCBS to provide evidence of corrected policies and procedures. The Association will provide the documentation after the final report is issued.**

#### **OIG Comment:**

As part of our review, we verified that Excellus BCBS returned the excess FEHBP funds of \$304,451 to the FEHBP in August 2021 through November 2021 for the questioned cash receipt refunds that were held in the plan's FEP investment account as of June 30, 2021. We also verified that Excellus BCBS returned the excess FEHBP funds of \$15,941 to the FEHBP in July 2021 and September of 2021 for the questioned medical drug rebates that were held in the plan's FEP investment account as of June 30, 2021.

As part of this audit finding in the draft report, we determined that Excellus BCBS held excess FEHBP funds of \$323,345 in the FEP investment account as of June 30, 2021, consisting of \$307,404 for cash receipt refunds and \$15,941 for medical drug rebates. After the draft report, Excellus BCBS provided additional documentation to support that \$2,953 of the excess funds for cash receipt refunds were non-FEHBP funds and refunded to a provider. Therefore, we dropped this previously questioned amount of \$2,953 from the final report.

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<sup>5</sup> Each BCBS plan in our sample provided a reconciliation and detailed itemization of the plan's FEP investment account balance as of June 30, 2021, except for BCBS of Alabama, BCBS of Arizona, BCBS of Minnesota, BCBS of Western New York, Independence BC, and Triple-S, Inc. of Puerto Rico since these plans did not have working capital deposits and dedicated FEP investment accounts as of June 30, 2021.

### **Recommendation 1:**

We recommend that the contracting officer require Excellus BCBS to return \$320,392 to the FEHBP for the questioned excess FEHBP funds that were held in the plan's FEP investment account as of June 30, 2021. However, since we verified that Excellus BCBS subsequently returned \$320,392 to the FEHBP for these questioned excess FEHBP funds, no further action is required for this amount.

### **Recommendation 2:**

We recommend that the contracting officer require the Association to provide evidence or supporting documentation ensuring that Excellus BCBS is performing FEP investment account reconciliations at least on a quarterly basis. Excellus BCBS should also implement the necessary corrective actions to ensure that all excess FEHBP funds (such as health benefit refunds and recoveries and medical drug rebates) held in the plan's FEP investment account are timely returned to the FEHBP. The contracting officer should also require the Association to provide a certification that Excellus BCBS has implemented these corrective actions. *(Note: This is a repeat procedural recommendation for Excellus BCBS from the previous focused audit of cash management activities for a sample of BCBS plans. Excess FEHBP funds in the plan's dedicated FEP investment account continues to be an audit issue for Excellus BCBS.)*

## **B. Aging Health Benefit Refunds: \$193,254**

Our audit determined that five BCBS plans had not timely returned aging FEP refunds, totaling \$192,974, to the FEHBP as of June 30, 2021. These questioned aging FEP refunds consisted of \$99,109 for Wellmark BCBS, \$89,116 for BCBS of Rhode Island, \$2,997 for BCBS Wyoming, \$1,151 for BCBS of North Dakota, and \$601 for BCBS of Minnesota. As part of our review, we verified that these questioned refunds were subsequently returned to the FEHBP more than 60 days after receipt and after our audit notification date. Wellmark BCBS, BCBS of Wyoming, and BCBS of Minnesota also subsequently returned \$280 to the FEHBP for applicable LII (\$115 by Wellmark BCBS, \$159 by BCBS of Wyoming, and \$6 by BCBS of Minnesota) calculated on the questioned refunds that are subject to LII. In total, we are questioning \$193,254 for this audit finding, consisting of \$192,974 for the previously unreturned aging FEP refunds to the FEHBP and \$280 for applicable LII on these questioned refunds that are subject to LII.

As previously cited from Contract CS 1039, all health benefit refunds and recoveries must be deposited into the dedicated FEP investment account within 30 days and returned to the LOCA within 60 days after receipt by the Carrier. Also, as previously cited from Contract CS 1039 for reportable monetary findings, "Audit findings . . . in the scope of an OIG audit are reportable as questioned charges unless the Carrier provides documentation supporting that the findings were already identified and corrected . . . prior to audit notification."

FAR 52.232-17(a) states, “all amounts that become payable by the Contractor . . . shall bear simple interest from the date due . . . The interest rate shall be the interest rate established by the Secretary of the Treasury . . . which is applicable to the period in which the amount becomes due, . . . and then at the rate applicable for each six-month period as fixed by the Secretary until the amount is paid.”

**Five BCBS plans had not timely returned aging health benefit refunds, totaling \$192,974, to the FEHBP as of June 30, 2021.**

For the 22 BCBS plans in our sample, we selected and reviewed a judgmental sample of 260 aging FEP refunds, totaling \$1,259,111 (from a universe of 3,782 aging FEP refunds, totaling \$4,287,634, as of June 30, 2021), based on our nomenclature review of these plans’ aging FEP refund schedules. The BCBS plans’ aging FEP refund schedules as of June 30, 2021, consisted of health benefit refunds held by these plans that had not been returned to the FEHBP as of June 30, 2021. For our sample, we reviewed these aging FEP refunds to determine if the plans held refunds as of June 30, 2021, that had not been deposited into the FEP investment account (if applicable) within 30 days after receipt and/or returned to the FEHBP (via LOCA drawdown adjustments) within 60 days after receipt.

Based on our review, we noted exceptions for five BCBS plans (Wellmark BCBS, BCBS of Rhode Island, BCBS of Wyoming, BCBS of North Dakota, and BCBS of Minnesota). The exceptions are summarized below by BCBS plan.

## **Wellmark BCBS**

Wellmark BCBS had not returned 209 aging FEP refunds, totaling \$99,109, to the FEHBP as of June 30, 2021. Wellmark BCBS subsequently returned these questioned refunds to the FEHBP from 23 to 150 days late and after receiving our audit notification (dated July 1, 2021). As a result, we are questioning \$99,224 for these exceptions, consisting of \$99,109 for these previously unreturned aging FEP refunds and \$115 for applicable LII (as calculated by the plan) on these questioned refunds that were returned untimely to the FEHBP. We reviewed and accepted Wellmark BCBS’s LII calculation and verified the return of the LII to the FEHBP.

## **BCBS of Rhode Island**

BCBS of Rhode Island had not returned 14 aging FEP refunds, totaling \$89,116, to the FEHBP as of June 30, 2021. BCBS of Rhode Island subsequently returned these questioned refunds to the FEHBP in July 2021, which was 10 days late and after receiving our audit notification. Because these questioned refunds were deposited timely into BCBS of Rhode Island’s dedicated FEP investment account, these refund exceptions are not subject to LII.



## **BCBS of Wyoming**

In response to our AIR (during our pre-audit phase), BCBS of Wyoming self-disclosed that while preparing for the audit, the plan identified an aging FEP refund, totaling \$2,997, that the plan had not returned to the FEHBP as of June 30, 2021. BCBS of Wyoming subsequently returned this questioned refund to the FEHBP in October 2021, which was 406 days late and because of our audit. BCBS of Wyoming also self-disclosed the return of \$159 to the FEHBP for LII calculated on this exception. We reviewed and accepted BCBS of Wyoming's LII calculation and verified the return of the LII to the FEHBP. In total, we are questioning \$3,156 for this refund exception, consisting of \$2,997 for the previously unreturned refund to the FEHBP and \$159 for LII.

## **BCBS of North Dakota**

BCBS of North Dakota had not returned two aging FEP refunds, totaling \$1,151, to the FEHBP as of June 30, 2021. BCBS of North Dakota subsequently deposited these questioned refunds into the FEP investment account and returned the funds to the FEHBP in July 2021, completing the refund return process from 29 to 86 days late and after receiving our audit notification. Since our calculated LII is immaterial, we did not question LII for these refund exceptions.

## **BCBS of Minnesota**

BCBS of Minnesota had not returned an aging FEP refund, totaling \$601, to the FEHBP as of June 30, 2021. BCBS of Minnesota subsequently returned this questioned refund to the FEHBP on October 13, 2021, which was 319 days late and after receiving our audit notification. BCBS of Minnesota also calculated and returned LII of \$6 to the FEHBP on March 2, 2022, for this refund exception. We reviewed and accepted BCBS of Minnesota's LII calculation. In total, we are questioning \$607 for this refund exception, consisting of \$601 for the previously unreturned refund to the FEHBP and \$6 for applicable LII.

## **Association Response:**

**The Association agrees with the finding and recommendations. For the procedural recommendation, the Association will work with the applicable BCBS plans to provide evidence of corrected policies and procedures. The Association will provide the documentation after the final report is issued.**

## **OIG Comment:**

As part of our review, we verified that the applicable BCBS plans returned \$193,254 to the FEHBP for this audit finding, consisting of \$192,974 for the questioned aging FEP refunds and \$280 for applicable LII on the questioned refunds that are subject to LII.

**Recommendation 3:**

We recommend that the contracting officer require the applicable BCBS plans to return \$192,974 (\$99,109 by Wellmark BCBS, \$89,116 by BCBS of Rhode Island, \$2,997 by BCBS Wyoming, \$1,151 by BCBS of North Dakota, and \$601 by BCBS of Minnesota) to the FEHBP for the questioned aging FEP refunds. However, since we verified that these plans subsequently returned \$192,974 to the FEHBP for these questioned refunds, no further action is required for this amount.

**Recommendation 4:**

We recommend that the contracting officer require the applicable BCBS plans to return \$280 (\$115 by Wellmark BCBS, \$159 by BCBS of Wyoming, and \$6 by BCBS of Minnesota) to the FEHBP for the questioned LII on the aging FEP refunds that were returned untimely to the FEHBP. However, since we verified that these plans subsequently returned \$280 to the FEHBP for the questioned LII, no further action is required for this LII amount.

**Recommendation 5:**

We recommend that the contracting officer require the Association to provide evidence or supporting documentation demonstrating that Wellmark BCBS and BCBS of Rhode Island have implemented the necessary corrective actions to ensure that health benefit refunds are returned timely to the FEHBP (i.e., deposited into the FEP investment account within 30 days after receipt and returned to the LOCA via drawdown adjustment within 60 days after receipt). *(Note: This is a repeat procedural recommendation for Wellmark BCBS from the previous focused audit of cash management activities for a sample of BCBS plans. Returning health benefit refunds timely to the FEHBP continues to be an audit issue for Wellmark BCBS. Therefore, the contracting officer should also require the Association to provide a certification that Wellmark BCBS has implemented these corrective actions.)*

**C. Letter of Credit Account Overdraws (Drawdown Errors): \$115,605**

Our audit determined that Excellus BCBS inadvertently overdrew \$109,563 in funds from the LOCA on April 19, 2021. As a result of this finding, Excellus BCBS subsequently returned \$110,792 to the FEHBP in April 2022, consisting of \$109,563 for the questioned LOCA overdrew and \$1,229 for LII on this overdrew. We also determined that BCBS of Minnesota inadvertently overdrew \$4,592,848 from the LOCA on October 21, 2020, and then returned these funds to the FEHBP on November 24, 2020 (during the audit scope), resulting in questioned LII of \$4,813. However, since BCBS of Minnesota returned the funds for this overdrew to the FEHBP during the audit scope and prior to our audit notification date, we did not question the principal amount as a monetary finding. Because of this finding, BCBS of Minnesota subsequently returned the questioned LII to the FEHBP in March 2022 and September 2022. In total, we are questioning \$115,605 for this audit

finding, consisting of \$109,563 for the questioned LOCA overdraft by Excellus BCBS and \$6,042 for applicable LII (\$1,229 plus \$4,813) on the LOCA overdrafts by Excellus BCBS and BCBS of Minnesota.

Contract CS 1039, Part III, Section 3.2 (b)(1) states, “The Carrier may charge a cost to the contract for a contract term if the cost is actual, allowable, allocable, and reasonable.”

Contract CS 1039, Part III, Section 3.4 (b)(1) states, “All investment income earned on FEHB funds shall be credited to . . . the FEHBP.” Also, Section 3.4 (e) states, “Investment income lost as a result of failure to credit income due the contract or failure to place excess funds in income producing investments and accounts shall be paid from the date the funds should have been invested or appropriate income was not credited.....”

As previously cited from FAR 52.232-17(a), all amounts that become payable by the Contractor should include simple interest from the date due.

## **Excellus BCBS**

**Our audit identified a LOCA overdraft of \$109,563, which Excellus BCBS then returned, along with LII of 1,229, to the FEHBP.**

When reviewing the sample of LOCA drawdowns for Excellus BCBS, we identified a LOCA overdraft of \$109,563 that occurred on April 19, 2021. We followed-up with the plan to obtain an understanding of this overdraft. Excellus BCBS researched this overdraft and identified a timing issue with a vendor transmission, resulting in the plan’s dollar amount used for the LOCA drawdown

worksheet to be overstated by \$109,563. Although Excellus BCBS immediately identified the issue in its LOCA balancing file, Excellus BCBS confirmed that these funds inadvertently had not been returned to the FEHBP via LOCA drawdown adjustment. As a result of our audit, Excellus BCBS subsequently deposited \$109,563 into its FEP investment account on April 8, 2022, for this overdraft and then returned these funds to the LOCA on April 12, 2022. In total, Excellus BCBS returned \$110,792 to the FEHBP for this audit finding, consisting of \$109,563 for the questioned overdraft and \$1,229 for applicable LII (as calculated by Excellus BCBS). We reviewed and accepted Excellus BCBS’s LII amount, noting an immaterial difference between our LII calculation and its LII amount.

## **BCBS of Minnesota**

When reconciling BCBS of Minnesota’s monthly LOCA drawdown worksheets to OPM’s LOCA activity report (i.e., 2812 Collection and Deposit System – LOCA Activity Report), we identified a variance of \$4,592,848 between the actual checks-presented amount reported on the bank statement and the amount included on BCBS of Minnesota’s LOCA drawdown worksheet and withdrawn from the LOCA. We followed-up with BCBS of Minnesota to obtain an understanding of this variance. BCBS of Minnesota researched the variance and

identified that there were computer issues on October 20, 2020. Therefore, BCBS of Minnesota inadvertently included this LOCA drawdown amount again in the next drawdown request on October 21, 2020. We noted that BCBS of Minnesota returned the overdraw of \$4,592,848 (a duplicate drawdown) to the LOCA on November 24, 2020, which was 34 days after receiving the funds for the overdraw. Since BCBS of Minnesota does not maintain a dedicated FEP investment account (or an FEP interest bearing account), these excess funds were held in BCBS of Minnesota's corporate account earning interest income. As a result, we calculated LII of \$4,813 on this LOCA overdraw and BCBS of Minnesota subsequently returned this questioned LII to the FEHBP via multiple LOCA drawdown adjustments in March 2022 and September 2022.

**Association Response:**

**The Association agrees with the finding and recommendations.**

**OIG Comment:**

As part of our review, we verified that Excellus BCBS returned \$110,792 to the FEHBP, consisting of \$109,563 for the questioned LOCA overdraw and \$1,229 for applicable LII. We also verified that BCBS of Minnesota returned \$4,813 to the FEHBP for the questioned LII calculated on a LOCA overdraw.

**Recommendation 6:**

We recommend that the contracting officer require Excellus BCBS to return \$109,563 to the FEHBP for the questioned LOCA overdraw. However, since we verified that Excellus BCBS subsequently returned \$109,563 to the FEHBP for the LOCA overdraw, no further action is required for this questioned amount.

**Recommendation 7:**

We recommend that the contracting officer require the applicable BCBS plans to return \$6,042 (\$4,813 by BCBS of Minnesota and \$1,229 by Excellus BCBS) to the FEHBP for the questioned LII calculated on LOCA overdraws. However, since we verified that these plans subsequently returned \$6,042 to the FEHBP for the questioned LII, no further action is required for this LII amount.

## **D. United States Treasury Offsets: \$6,532**

BCBS of Rhode Island self-disclosed that \$6,488 had not been returned to the FEHBP as of June 30, 2021, for four offsets taken from the LOCA by the United States Department of Treasury (Treasury). As a result of this finding, BCBS of Rhode Island subsequently returned \$6,532 to the FEHBP, consisting of \$6,488 for these four Treasury offset exceptions against the LOCA and \$44 for LII on these offsets returned untimely to the FEHBP.

As previously cited from Contract CS 1039, costs charged to the FEHBP must be actual, allowable, allocable, and reasonable. Also, as previously cited from FAR 52.232-17(a), all amounts that become payable by the Contractor should include simple interest from the date due.

Regarding reportable monetary findings, Contract CS 1039, Part III, Section 3.16 (a) states, “Audit findings . . . in the scope of an OIG audit are reportable as questioned charges unless the Carrier provides documentation supporting that the findings were already identified and corrected . . . prior to audit notification.”

The Treasury will occasionally recover non-FEHBP debts from a BCBS plan by reducing LOCA drawdowns made to the plan for FEHBP claim payments. If this occurs, the BCBS plan should make the FEHBP whole by transferring funds into the plan’s dedicated FEP investment account to replenish the funds that were taken.

**BCBS of Rhode Island self-disclosed that Treasury offsets, totaling \$6,488, had not been returned to the FEHBP.**

During our review of Treasury offsets for a sample of 22 BCBS plans, we only noted exceptions for BCBS of Rhode Island. While preparing for our audit (during our pre-audit phase), BCBS of Rhode Island identified and returned four Treasury offsets, totaling \$6,488, to the FEHBP on August 4, 2021, from 62 to 365 days late and after our audit notification (dated July 1, 2021). For these exceptions, although BCBS of Rhode Island did not withdraw additional funds from the LOCA to cover the shortage caused by these Treasury offsets when they occurred, the plan did not transfer funds into the FEP investment account to cover these Treasury offsets, which left the FEP investment account short by \$6,488 as of June 30, 2021. BCBS of Rhode Island also calculated and returned LII of \$44 to the FEHBP on September 7, 2021. We reviewed and accepted BCBS of Rhode Island’s LII calculation on these four Treasury offset exceptions.

In total, we are questioning \$6,532 for this audit finding, consisting of \$6,488 for the four Treasury offset exceptions and \$44 for applicable LII on these offsets returned untimely to the FEHBP.

#### **Association Response:**

**The Association agrees with the recommendations. Regarding the procedural recommendation, the Association will work with BCBS of Rhode Island to provide evidence of corrected policies and procedures. The Association will provide the documentation after the final report is issued.**

**OIG Comment:**

As part of our review, we verified that BCBS of Rhode Island returned \$6,532 to the FEHBP in August 2021 and September 2021, consisting of \$6,488 for the Treasury offset exceptions against the LOCA and \$44 for applicable LII on these Treasury offsets.

**Recommendation 8:**

We recommend that the contracting officer require BCBS of Rhode Island to return \$6,488 to the FEHBP for the questioned Treasury offsets. However, since we verified that BCBS of Rhode Island subsequently returned \$6,488 to the FEHBP for these questioned Treasury offsets, no further action is required for this amount.

**Recommendation 9:**

We recommend that the contracting officer require BCBS of Rhode Island to return \$44 to the FEHBP for the questioned LII on the Treasury offsets that were returned untimely to the FEHBP. However, since we verified that BCBS of Rhode Island subsequently returned \$44 to the FEHBP for this questioned LII, no further action is required for this LII amount.

**Recommendation 10:**

We recommend that the contracting officer require the Association to provide evidence or supporting documentation ensuring that BCBS of Rhode Island has implemented the necessary corrective actions to ensure that Treasury offsets against the LOCA are timely returned to the FEHBP. The contracting officer should also require the Association to provide a certification that BCBS of Rhode Island has implemented these corrective actions.



# IV. Schedule A – Questions Charges

<b>Cash Management Activities and Aging Refunds Sample of BlueCross and/or BlueShield Plans</b>					
<b>Questioned Charges</b>					
<b>Audit Findings</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Total</b>
<b>A. Excess Funds</b>					
Excellus BCBS	\$3,969	\$298,891	\$17,532	\$0	\$320,392
<b>Total Excess Funds</b>	<b>\$3,969</b>	<b>\$298,891</b>	<b>\$17,532</b>	<b>\$0</b>	<b>\$320,392</b>
<b>B. Aging Health Benefit Refunds</b>					
Wellmark BCBS*	\$0	\$0	\$99,224	\$0	\$99,224
BCBS of Rhode Island	0	0	89,116	0	89,116
BCBS of Wyoming*	0	3,132	24	0	3,156
BCBS of North Dakota	0	0	1,151	0	1,151
BCBS of Minnesota*	0	602	5	0	607
<b>Total Aging Health Benefit Refunds</b>	<b>\$0</b>	<b>\$3,734</b>	<b>\$189,520</b>	<b>\$0</b>	<b>\$193,254</b>
<b>C. Letter of Credit Account Overdraws (Drawdown Errors)</b>					
Excellus BCBS*	\$0	\$0	\$110,294	\$498	\$110,792
BCBS of Minnesota*	0	4,813	0	0	4,813
<b>Total Letter of Credit Account Overdraws (Drawdown Errors)</b>	<b>\$0</b>	<b>\$4,813</b>	<b>\$110,294</b>	<b>\$498</b>	<b>\$115,605</b>
<b>D. United States Treasury Offsets</b>					
BCBS of Rhode Island*	\$0	\$6,283	\$249	\$0	\$6,532
<b>Total United States Treasury Offsets</b>	<b>\$0</b>	<b>\$6,283</b>	<b>\$249</b>	<b>\$0</b>	<b>\$6,532</b>
<b>Total Questioned Charges</b>	<b>\$3,969</b>	<b>\$313,721</b>	<b>\$317,595</b>	<b>\$498</b>	<b>\$635,783</b>
* We included lost investment income (LII) within audit findings B (\$280), C (\$6,042), and D (\$44). Therefore, no additional LII is applicable for these audit findings.					

# Appendix



**BlueCross  
BlueShield**  
Association

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August 29, 2022

Mr. John A. Hirschmann, Group Chief  
Experience-Rated Audits Group  
Office of the Inspector General  
U.S. Office of Personnel Management  
1900 E Street, Room 6400  
Washington, DC 20415-11000

**Reference: OPM DRAFT AUDIT REPORT  
Cash Management Activities and Aging Refunds  
For a Sample of Blue Cross Blue Shield Plans  
Audit Report Number 2022-ERAG-0012**

Dear Mr. Hirschmann:

This is the Blue Cross and Blue Shield Association's response to the above referenced U.S. Office of Personnel Management (OPM) Draft Audit Report covering the Federal Employees' Health Benefits Program (FEHBP) Cash Management Activities and Aging Refunds for a sample of Blue Cross Blue Shield Plans. Our comments concerning the findings in the report are as follows:

**A. Excess Funds** **\$323,345**

## **Recommendation 1**

We recommend that the contracting officer require Excellus BCBS to return \$323,345 to the FEHBP for the questioned excess FEHBP funds held in the plan's FEP investment account, consisting of \$307,404 for cash receipt refunds and \$15,941 for medical drug rebates. However, since we verified that the Plan subsequently returned \$295,298 of these questioned excess funds to the FEHBP, consisting of \$279,357 for cash receipt refunds and \$15,941 for medical drug rebates, corrective action is only required for the remaining questioned cash receipt refunds of \$28,047 (\$307,404 minus \$279,357).

## **BCBSA Response**

BCBSA and the Plan agreed with this finding. The Plan returned the remaining \$28,047 to the Program by two separate cash receipt refunds \$25,094.37 on 11/30/2021 and \$2,953.07 on 12/15/2021, totaling \$28,047.

## **Recommendation 2**

We recommend that the contracting office require the Association to provide evidence or supporting documentation ensuring that Excellus BCBS is performing FEP investment account reconciliations at least on a quarterly basis. Excellus BCBS should also implement the necessary corrective actions to ensure that all excess FEHBP funds (such as health benefit refunds and recoveries and medical drug rebates) held in the plan's FEP investment account are timely returned to the FEHBP. The contracting officer should also require the Association to provide a certification that Excellus BCBS has implemented these corrective actions. (Note: This is a repeat procedural recommendation for Excellus BCBS from the prior focused audit of cash management activities for a sample of BCBS plans. Excess FEHBP funds in the plan's dedicated FEP investment account continues to be an audit issue for the Excellus BCBS plan.)

### **BCBSA Response**

BCBSA will work with the Plan to provide evidence of corrected policies and procedures. Documentation will be provided once the Final Report is issued.

### **B. Aging Health Benefit Refunds**

**\$193,254**

## **Recommendation 3**

We recommend that the contracting officer require the applicable BCBS plans to return \$192,974 (\$99,109 by Wellmark BCBS; \$89,116 by BCBS of Rhode Island; \$2,997 by BCBS Wyoming; \$1,151 by BCBS of North Dakota; and \$601 by BCBS of Minnesota) to the FEHBP for the questioned aging FEP refunds. However, since we verified that these plans subsequently returned \$192,974 to the FEHBP for these questioned aging FEP refunds, no further action is required for this questioned amount.

### **BCBSA Response**

BCBSA agrees with this recommendation and as stated, no further action is required.

## **Recommendation 4**

We recommend that the contracting officer require the applicable BCBS plans to return \$280 (\$115 by Wellmark BCBS; \$159 by BCBS of Wyoming; and \$6 by BCBS of Minnesota) to the FEHBP for the questioned LII on the refunds that were returned untimely to the FEHBP. However, since we verified that these plans subsequently returned \$280 to the FEHBP for the questioned LII, no further action is required for this LII amount.

## **BCBSA Response**

BCBSA agrees with this recommendation and as stated, no further action is required.

## **Recommendation 5**

We recommend that the contracting officer require the Association to provide evidence or supporting documentation demonstrating that Wellmark BCBS and BCBS of Rhode Island have implemented the necessary corrective actions to ensure that health benefit refunds are timely returned to the FEHBP. (Note: This is a repeat procedural recommendation for Wellmark BCBS from the prior focused audit of cash management activities for a sample of BCBS plans. Returning health benefit refunds timely to the FEHBP continues to be an audit issue for the Wellmark BCBS plan.)

## **BCBSA Response**

BCBSA will work with the Plans to provide evidence of corrected policies and procedures. Documentation will be provided once the Final Report is issued.

**C. Letter of Credit Account Overdraws (Drawdown Errors) \$115,605**

## **Recommendation 6**

We recommend that the contracting officer require Excellus BCBS to return \$109,536 to the FEHBP for the questioned LOCA overdraft. However, since we verified that Excellus BCBS subsequently returned \$109,536 to the FEHBP for the LOCA overdraft, no further action is required for this questioned amount.

## **BCBSA Response**

BCBSA agrees with this recommendation and as stated, no further action is required.

## **Recommendation 7**

We recommend that the contracting officer require the applicable BCBS plans to return \$6,042 (\$1,229 by Excellus BCBS and \$4,813 by BCBS of Minnesota) to the FEHBP for the questioned LII on the LOCA overdrafts. We verified that Excellus BCBS and BCBS of Minnesota subsequently returned \$1,937 (1,229 plus \$708, respectively) to the FEHBP for the questioned LII on the applicable LOCA overdrafts. However, BCBS of Minnesota still owes the FEHBP \$4,105 (\$4,813 minus \$708) for the remaining questioned LII.

## **BCBSA Response**

BCBSA and the Plans agreed with this recommendation. The BCBS of Minnesota Plan has filed a Special Plan Invoice to return the remaining funds. Once the funds have been transferred to the Program, we will provide supporting documentation to the audit team by September 30, 2022.

## **D. United States Treasury Offsets**

**\$6,532**

### **Recommendation 8**

We recommend that the contracting officer require BCBS of Rhode Island to return \$6,488 to the FEHBP for the questioned Treasury offsets. However, since we verified that the Plan returned \$6,488 to the FEHBP for these questioned Treasury offsets, no further action is required for this questioned amount.

## **BCBSA Response**

BCBSA agrees with this recommendation and as stated, no further action is required.

### **Recommendation 9**

We recommend that the contracting officer require BCBS of Rhode Island to return \$44 to the FEHBP for the questioned LII on the Treasury offsets that were returned untimely to the FEHBP. However, since we verified that the Plan returned \$44 to the FEHBP for this questioned LII, no further action is required for this LII amount.

## **BCBSA Response**

BCBSA agrees with this recommendation and as stated, no further action is required.

### **Recommendation 10**

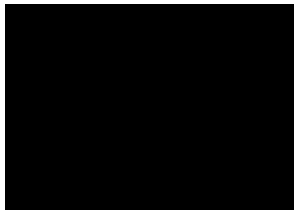
We recommend that the contracting officer require the Association to provide evidence or supporting documentation ensuring that BCBS of Rhode Island has implemented the necessary corrective actions to ensure that Treasury offsets against the LOCA are timely returned to the FEHBP. The contracting officer should also require the Association to provide a certification that BCBS of Rhode Island has implemented these corrective actions.

## **BCBSA Response**

BCBSA will work with the Plan to provide evidence of corrected policies and procedures. Documentation will be provided once the Final Report is issued.

We appreciate the opportunity to provide our response to this Draft Audit Report and request that our comments be included in their entirety as an amendment to the Final Audit Report.

Sincerely,



Program Assurance





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