
FEHB Program Carrier Letter

All Carriers

U.S. Office of Personnel Management
Office of Insurance Programs

Letter No. 2002-33

Date: September 25, 2002

Fee-for-service [30] Experience-rated HMO [30] Community-rated HMO [28]

SUBJECT: Federal Employees Health Benefits (FEHB) Program Waiver

The purpose of this carrier letter is to provide you with a copy of Director Kay Coles James' waiver of the application of the cost accounting standards (CAS) to FEHB carrier contracts.

The OPM currently has 133 health benefits carrier contracts. The vast majority of contracts are with community-rated HMOs, where there has never been a question of CAS coverage, but the experience-rated contracts cover over 70 percent of the Program enrollment, receive over 70 percent of premium dollars, and are the contracts to which CAS would apply absent a waiver. Because of Congressional action, FEHB carriers have been exempted from CAS for the last three years.

On September 11, 2002, Director James used the administrative process under the National Defense Authorization Act for FY2000 to waive coverage for all the affected experience-rated carriers in the Program.

We believe this action was in the best interest of the FEHB Program and the nearly nine million employees, retirees, and dependents that depend upon it for their health insurance coverage.

We appreciate your continued cooperation. Thank you.

Sincerely,



Abby L. Block
Assistant Director
for Insurance Programs

Enclosure