○ SAR 69 | ○ SEPTEMBER 30 | ○ 2023

OIG

OFFICE OF INSPECTOR GENERAL
OFFICE OF PERSONNEL MANAGEMENT

Open Recommendations *Brief*

THE BRIEF SUMMARIZES RECOMMENDATIONS THE OPM OIG ISSUED THAT HAVE BEEN OPEN FOR MORE THAN SIX MONTHS AS OF SEPTEMBER 30, 2023.

Inspector General Message

The OPM OIG continues to make progress in working with OPM to close open recommendations from the OIG. I reported in our last Semiannual Report that we launched a new initiative to identify three priority open recommendations. Since that time, two of the three original priority open recommendations have been closed. Those recommendations addressed strengthening information security and strengthening internal controls used in administering common services. We have identified two new high priority recommendations relating to recovering improper payments and addressing the high cost of prescription drugs in the Federal Employees Health Benefits Program. We appreciate OPM's attention to these and other open recommendations, but action is still needed to address the hundreds of remaining open recommendations.

PROGRAM OFFICE SUCCESSES

The OPM Office of the Chief Information Officer (OCIO) has prioritized implementing corrective action that leads to closure of OIG recommendations. The OCIO closed a total of 65 recommendations during this SAR period. One noteworthy accomplishment was the closure of a longstanding recommendation to correct weaknesses in the agency's information systems contingency planning and testing program.

Priority Recommendations

Priority open recommendations warrant priority attention from OPM leadership because their implementation could significantly improve program management and payment integrity. All three of our current priority recommendations are focused on strengthening the Federal Employees Health Benefits Program to reduce costs and provide better services to Federal employees and their families.

1. **FEHBP Medical Loss Ratio (MLR) Requirements**

   In August of 2022, we issued a report on an audit of Kaiser Foundation Health Plan, audit report #1C-59-00-20-043, including a recommendation that OPM revise or replace the FEHBP MLR requirements to provide a reliable measure of the premium dollars spent on the FEHBP program, including the impact of carrier corporate structure and the current community-rated product market. This audit report included 16 recommendations, including this one, which was the only recommendation issued directly to OPM, rather than to the health insurance carrier. Of the 16 recommendations, this is the only one that remains open. Addressing this recommendation would improve transparency and accuracy in the FEHBP MLR calculation, reducing risk of inaccurate penalty payments or credit adjustments.

2. **Proactive Identification of Overpayments and Defining Egregious Errors**

   In April of 2021, we recommended that OPM modify Section 2.3(g) and 2.3(g)(ii) of the contract between OPM and FEHBP experience-rated insurance carriers to provide expectations for how carriers are to proactively identify overpayments and to define what it means by egregious errors. This recommendation was issued in a Management Advisory Report (Report No. 4A-HI-00-18-026) that examined FEHBP contractual vulnerabilities that introduce integrity risks. This recommendation in particular addresses contract language that is overly broad which opens the door for delays in identifying and recovering overpayments and fails to protect the FEHBP from paying for egregious errors committed by the carriers. The report included 11 recommendations which remain open over two years later.

3. **Lowering Prescription Drug Costs in the FEHBP**

   In March 2020, we issued a Management Advisory Report (Report No. 1H-01-00-18-039) in which we recommended that OPM conduct a new, comprehensive study by seeking independent expert consultation on ways to lower prescription drug costs in the FEHBP. This report included two recommendations which remain open over three years later. OPM recently secured funding to conduct this study and plans to begin soon.

Percent of FEHBP Dollars Spent on Prescription Drugs
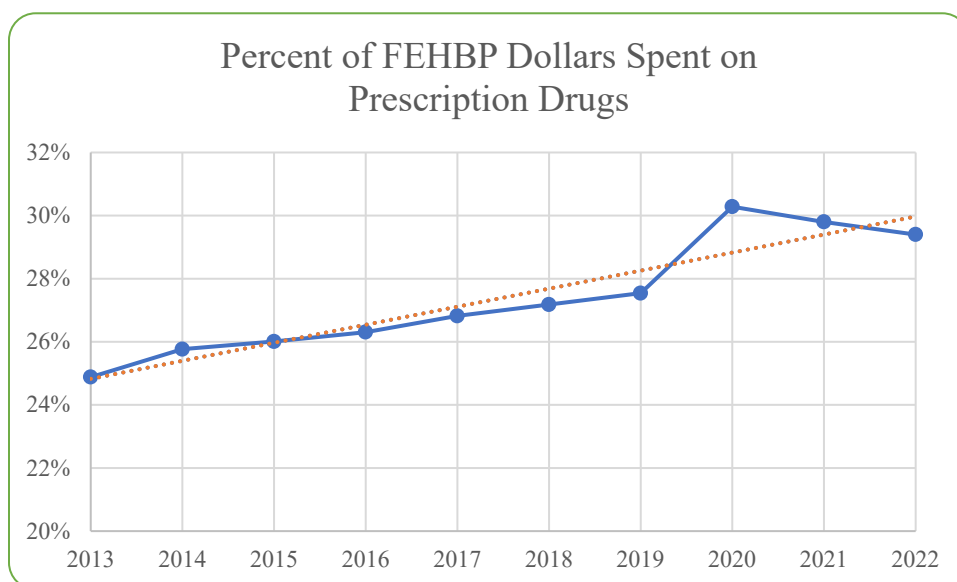
Figures in this chart encapsulate experience-rated fee-for-service Plans only.

Recently Implemented Recommendations

The below recommendations were implemented during the SAR 69 period (April 1, 2023 – September 30, 2023).

1. **Proper Support, Review, and Approval for the Distribution Basis Figures**
   In March of 2019, we recommended that the OCFO strengthen its internal controls to ensure that the distribution basis figures are properly supported, reviewed, and approved prior to billing the funding sources. The OCFO appropriately improved controls in this area and the recommendation was closed in September of 2023. This recommendation was designated a priority recommendation and is one of two priority recommendations OPM closed during this semiannual reporting period, including the next recommendation listed below.

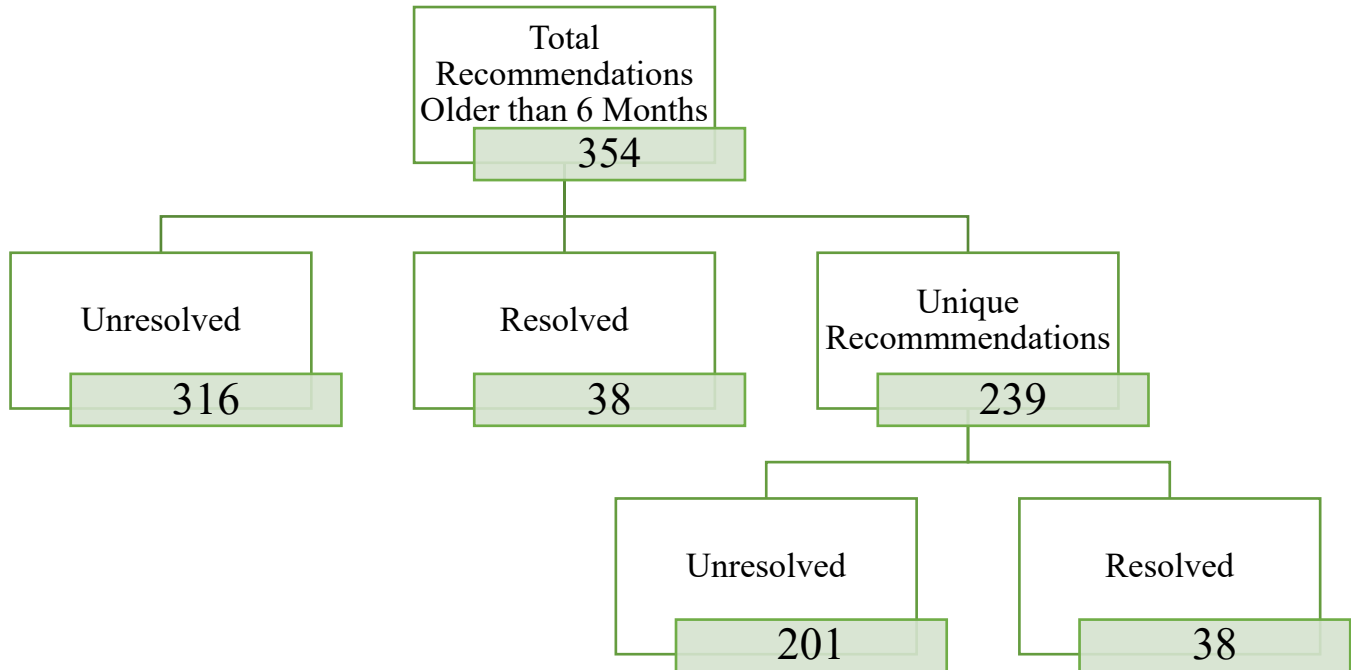2. **Update Enterprise Architecture to Include Security Elements Required by NIST and OMB Guidance**
   In November of 2022, we recommended that OPM update its enterprise architecture to include the information security architecture elements required by NIST and OMB guidance. The OCIO updated its enterprise architecture to include the required information security elements, closing the recommendation in April of 2023. This recommendation was originally issued in 2017 and had been rolled forward on each FISMA audit since. Implementing these updates effectively closed six total recommendations.

3. **Information System Contingency Plan Testing**
   In 2008, the OIG recommended that OPM test the contingency plans for each system on an annual basis. This unresolved recommendation rolled forward onto 16 total FISMA reports. In August 2023, the OCIO implemented all requirements to close this recommendation which closed 16 roll-forward duplicate recommendations. The OCIO's efforts not only resolved a longstanding recommendation but should improve OPM's ability to restore its operations effectively and efficiently in the event of a service-impacting incident.

State of Affairs

As of September 30, 2023, there were *354* unimplemented recommendations over six months old, *239* of which are considered unique, contained in reports that the OIG had issued to the U.S. Office of Personnel Management.

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                    Total
                 Recommendations
               Older than 6 Months
                      354
      ┌─────────────────┼─────────────────────┐
 Unresolved          Resolved               Unique
                                        Recommmendations
    316                 38                    239
                                    ┌──────────┴──────────┐
                               Unresolved            Resolved
                                  201                   38
```

Below is a table showing information on the reports issued and recommendations open during this SAR period:

Type of Report	Number of Reports with Open Recommendations	Number of Open Recs. as of 09/30/2023	Number of Unique Recs. as of 09/30/2023
Internal Audits	28	160	87
IT Audits	31	99	57
Experience-Rated Insurance Audits	6	17	17
Community-Rated Insurance Audits	5	13	13
Other Insurance Audits	6	26	26
Evaluations	4	14	14
Management Advisories and Other Reports	5	25	25
Total	**85**	**354**	**239**

Below is a table showing the number of open procedural and monetary recommendations for each report type:

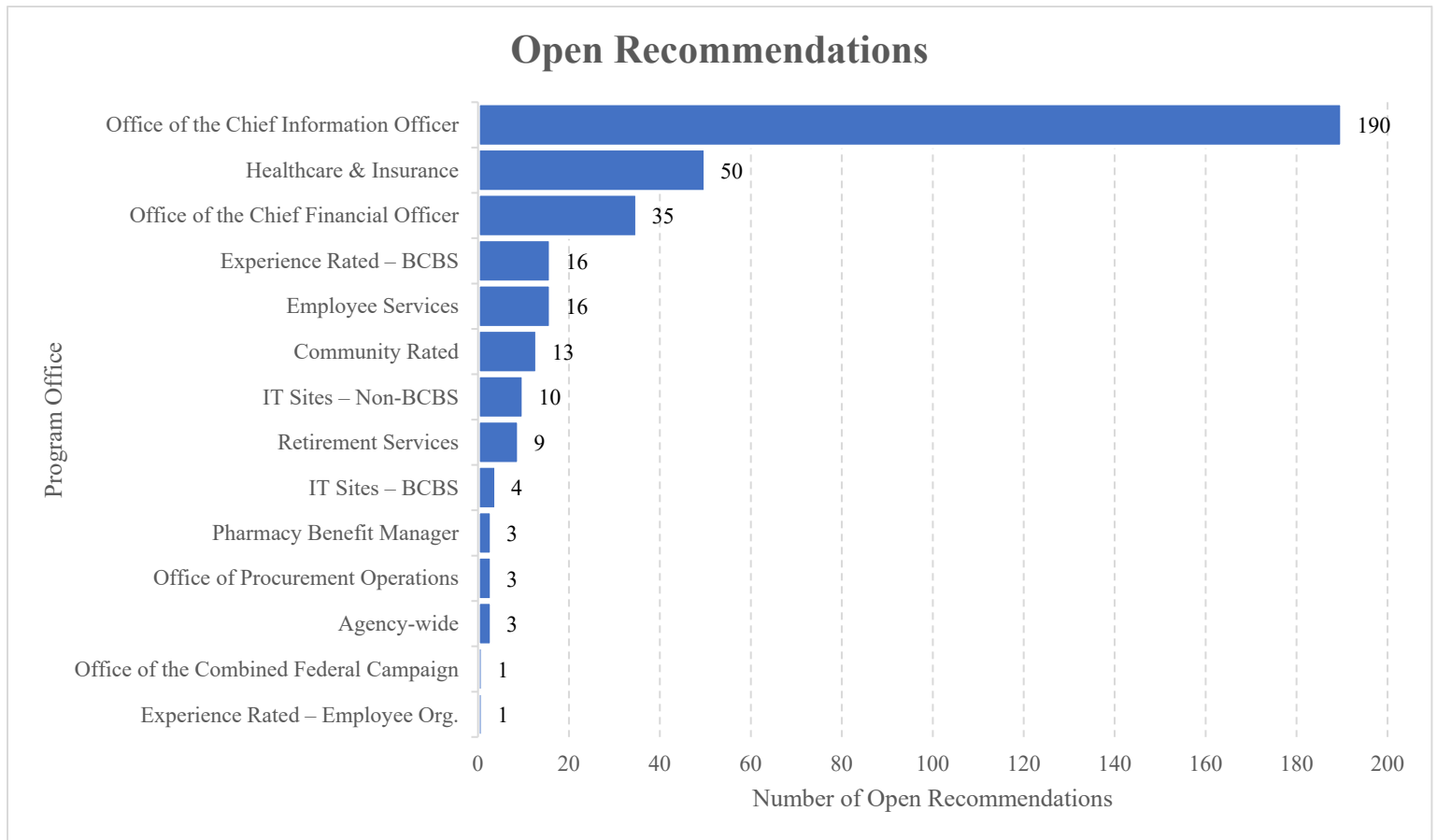| Type of Report	Procedural Recommendations	Monetary Recommendations	Value of Monetary Recommendations*
Internal Audits	159	1	$6,140,755
IT Audits	99	0	$0
Experience-Rated Insurance Audits	10	7	$3,224,061
Community-Rated Insurance Audits	9	4	$13,895,097
Other Insurance Audits	15	11	$15,920,696
Evaluations	14	0	$0
Management Advisories and Other Reports	24	1	$164,212
Total	330	24	$39,344,821

Totals are rounded.

Below is a chart that highlights the aging of open recommendations:
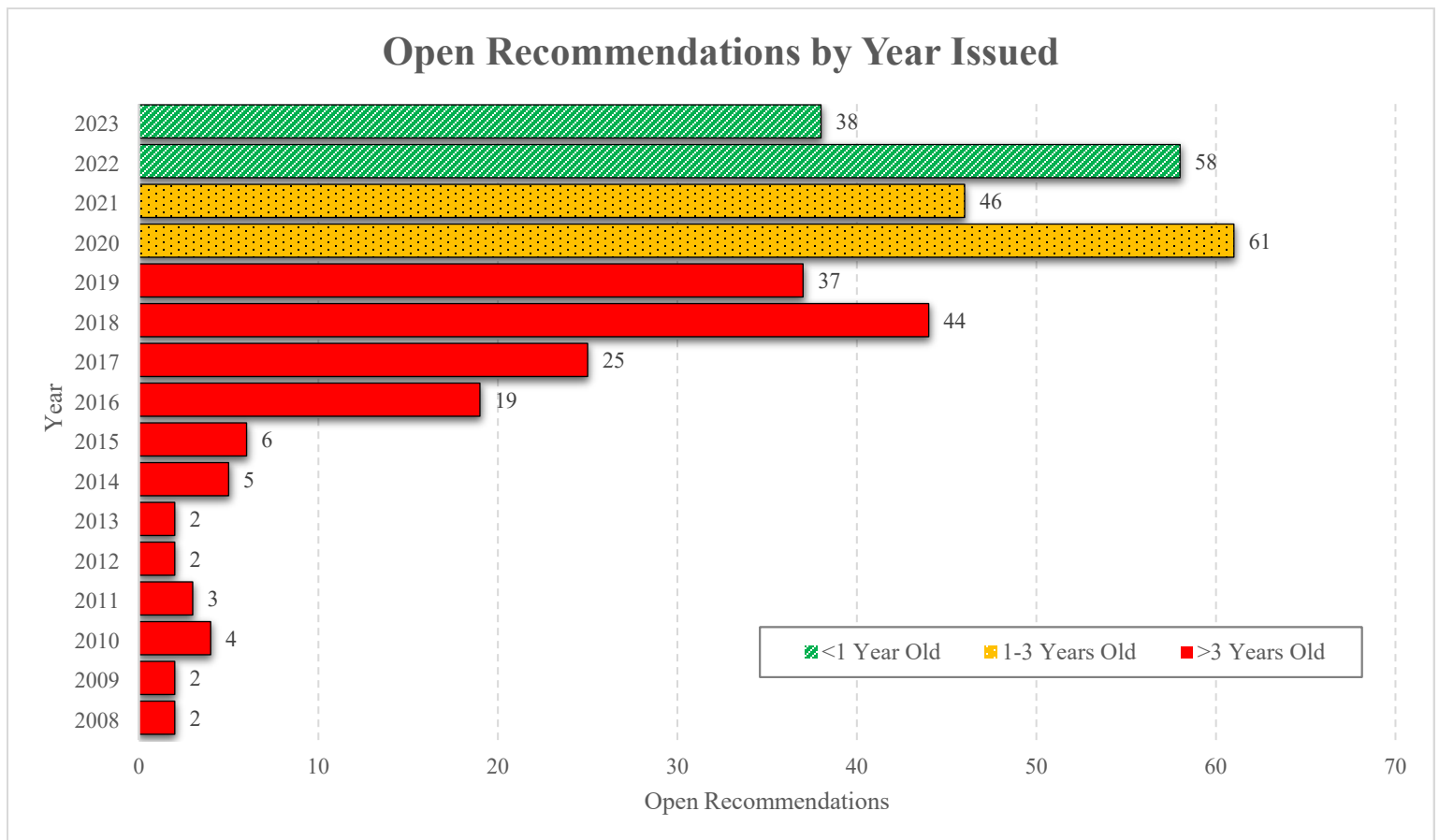
Caption: This bar chart is a stoplight chart. The bars for 2023 and 2022 are green, to represent those recommendations open one year or less. The bars for 2021 and 2020 are yellow to represent those recommendations open between one and three years. All remaining bars, from 2019 through 2008, are colored red, to represent those recommendations open more than three years.

Below is a chart showing the number of open recommendations for each OPM program office or FEHBP contractor type:

Open Recommendations

Program Office	Number of Open Recommendations
Office of the Chief Information Officer	190
Healthcare & Insurance	50
Office of the Chief Financial Officer	35
Experience Rated – BCBS	16
Employee Services	16
Community Rated	13
IT Sites – Non-BCBS	10
Retirement Services	9
IT Sites – BCBS	4
Pharmacy Benefit Manager	3
Office of Procurement Operations	3
Agency-wide	3
Office of the Combined Federal Campaign	1
Experience Rated – Employee Org.	1

Caption: This bar chart represents the number of open recommendations by OPM program office.

For more information, please visit our new **open recommendations dashboard**.

Report Fraud, Waste, and Mismanagement

Fraud, waste, and mismanagement in Government concerns everyone: Office of the Inspector General staff, agency employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to OPM programs and operations. You can report allegations to us in several ways:

By Internet: http://oig.opm.gov/contact/hotline

By Phone: Toll Free Number: (877) 499-7295

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