

GAO Highlights

Highlights of [GAO-23-105222](#), a report to congressional requesters

Why GAO Did This Study

FEHB is the largest employer-sponsored health care program in the country. It provides health insurance benefits to more than 8 million federal employees, family members, and others at a cost of about \$59 billion in fiscal year 2021. Until 2021, employing offices were not required to review eligibility documentation to verify family member eligibility. This left the program vulnerable to fraud and improper payments associated with ineligible family members.

This report identifies, among other things, the extent to which (1) OPM has implemented control activities to identify and remove ineligible family members with FEHB coverage and (2) OPM's fraud risk assessment for the FEHB program includes fraud risks related to ineligible FEHB members. GAO analyzed OPM documentation and interviewed OPM officials as well as officials from a nonprobability sample of five federal employing offices, selected to obtain views from offices of different workforce sizes. GAO also interviewed officials from five FEHB insurance carriers representing approximately 87 percent of FEHB enrollment at the time of GAO's review. The interview information is illustrative but not generalizable.

What GAO Recommends

GAO is making four recommendations to OPM, including that it implement a monitoring mechanism to identify and remove ineligible family members from the FEHB program and assess and document the likelihood and impact of fraud risks associated with ineligible FEHB members. OPM generally agreed with our recommendations.

View [GAO-23-105222](#). For more information, contact Seto J. Bagdoyan at (202) 512-6722 or bagdoyans@gao.gov

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FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

Additional Monitoring Mechanisms and Fraud Risk Assessment Needed to Better Ensure Member Eligibility

What GAO Found

The Office of Personnel Management (OPM) is responsible for administering the Federal Employees Health Benefits (FEHB) program. OPM has taken steps to enable a process for employing offices and FEHB carriers to identify and remove ineligible FEHB members. For example, OPM amended its regulations in January 2018 so that employing offices and FEHB carriers may—but are not required to—request proof of family member eligibility at any time for existing participants. OPM also issued new requirements in 2021 for employing offices and FEHB carriers to verify family member eligibility for certain types of new enrollments.

However, OPM does not plan to establish a monitoring mechanism to identify and remove ineligible family members who already have FEHB coverage. Without such a monitoring mechanism, ineligible family members may remain covered and related improper payments may continue to accrue over time. OPM has estimated these related improper payments could cost the program up to approximately \$1 billion per year.

OPM performs an annual fraud risk assessment of the FEHB program but has not included ineligible members as a fraud risk to the program. In fiscal year 2020, OPM conducted a fraud risk assessment and documented a fraud risk profile for the FEHB program. OPM determined the program was at a low risk of fraud overall. However, OPM's fraud risk assessment and profile did not include fraud risks associated with ineligible members in the program.

OPM acknowledged in discussions with GAO that not verifying eligibility for current members carries a risk of fraud and improper payments. OPM's Office of the Inspector General has also documented instances of fraud and improper payments associated with ineligible members in the FEHB program. For example, a federal employee fraudulently covered two individuals purported to be his wife and stepchild in the FEHB program. The individuals were ineligible and remained on FEHB health insurance for about 12 years. The FEHB program paid claims totaling more than \$100,000 on behalf of these ineligible individuals.

Until OPM assesses the likelihood and impact from the fraud risk of ineligible FEHB members and documents that assessment, it cannot support its determination that the program is at a low risk of fraud. As a result, the program may remain vulnerable to the fraud risk associated with ineligible members.