



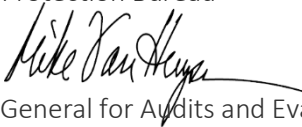
Office of Inspector General

Board of Governors of the Federal Reserve System
Consumer Financial Protection Bureau

MEMORANDUM

DATE: March 20, 2024

TO: Tyshawn Thomas
Chief Human Capital Officer
Consumer Financial Protection Bureau

FROM: Michael VanHuysen 
Associate Inspector General for Audits and Evaluations

SUBJECT: OIG Memorandum Report 2024-MO-C-010: *Results of Scoping of the Evaluation of the CFPB's Healthcare Benefits Eligibility Processes*

Executive Summary

We initiated this evaluation to assess the Consumer Financial Protection Bureau's eligibility verification processes for the agency's vision program, the agency's dental program, the Federal Employees Health Benefits (FEHB) program, and the Federal Employees Dental and Vision Program (FEDVIP) to identify any opportunities for improvement. The CFPB offers healthcare benefits to employees and their qualified dependents through these four programs. Our scope focused on the processes and controls that the agency uses to ensure that employees and their qualified dependents are eligible to receive those benefits.

As part of our scoping efforts, we found that the CFPB had conducted two internal control reviews related to the agency's administration of its vision and dental programs. These reviews identified discrepancies in the programs' enrollment files that were attributable to the absence of defined roles, responsibilities, procedures, and accountability processes among the organizations that help administer the programs. These reviews concluded that the discrepancies identified were not financially material.

We also found that the CFPB has made progress in updating policies and procedures to address the causes of the process issues that led to the vision and dental program file discrepancies identified by the internal control reviews; however, we believe that the agency can further improve its control environment for administering these programs. Specifically, this memorandum report includes four recommendations designed to strengthen the CFPB's enrollment procedures and improve certain eligibility verification controls for the agency's vision and dental programs.

We are communicating our findings at the end of our scoping effort because addressing our four recommendations may aid the Office of Human Capital's (OHC) continued efforts to enhance the CFPB's vision and dental program administration processes.

In its response to our draft memorandum report, the CFPB concurs with our recommendations and outlines actions that have been or will be taken to address our recommendations. We will follow up to ensure that the recommendations are fully addressed.

**Office of Inspector General**Board of Governors of the Federal Reserve System
Consumer Financial Protection Bureau

Recommendations, 2024-MO-C-010, March 20, 2024

Results of Scoping of the Evaluation of the CFPB's Healthcare Benefits Eligibility Processes**Finding 1: The Benefits Office Can Strengthen Its Benefits Enrollment Procedures Through Periodic Internal Control Reviews**

Number	Recommendation	Responsible office
1	Ensure that the OHC continues to monitor dependent eligibility on a biweekly basis and corrects discovered discrepancies.	Office of Human Capital
2	Ensure that the OHC conducts a comprehensive annual review of the control activities for administering the agency's vision and dental programs to ensure that they are operating effectively.	Office of Human Capital

Finding 2: The Benefits Office Can Take Additional Steps to Improve the Control Environment for Its Vision and Dental Programs

Number	Recommendation	Responsible office
3	Ensure that the OHC updates the relevant SOP to reflect new eligibility verification processes.	Office of Human Capital
4	Develop and periodically provide tailored training for employees who administer the agency's vision and dental programs.	Office of Human Capital

Objective, Scope, and Methodology

Our objective was to assess the CFPB's eligibility verification processes for the agency's vision and dental programs, the FEHB program, and FEDVIP to identify any opportunities for improvement. During our scoping phase, we developed an understanding of the CFPB's benefits administration processes to verify employee and qualified dependent eligibility for the agency's vision and dental programs, the FEHB program, and FEDVIP during employee onboarding and when there is a qualifying life event.

We interviewed officials and staff members in the CFPB Benefits, Retirement, and Work Life group (Benefits office) and the OHC, and we reviewed relevant standard operating procedures (SOPs) and contracts to understand the roles and responsibilities of those involved in the dependent eligibility verification processes. In addition, we reviewed the results of the OHC's two internal control reviews of the administration of the CFPB's vision and dental programs¹ to understand the discrepancies identified by the reviews; these discrepancies were related to verifying eligibility and identifying dependents who exceed age limits.²

We also reviewed applicable criteria, such as the U.S. Office of Personnel Management's (OPM) *Federal Employees Health Benefits Handbook* and applicable sections of the U.S. Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government*. We conducted our scoping phase from March 2023 through October 2023 in accordance with the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.

Background

The CFPB's Healthcare Benefits Program

The CFPB offers healthcare benefits to eligible employees and their dependents through the FEHB program, FEDVIP, and the agency's vision and dental programs.

- The FEHB program, available to all eligible federal employees and their dependents, allows eligible employees to choose among many health insurance programs and options.
- FEDVIP offers comprehensive supplemental vision and dental insurance to eligible federal employees and their dependents.
- The CFPB's agency-sponsored vision and dental programs offer vision and dental coverage to eligible CFPB employees.

¹ In August 2022, the OHC conducted a review to identify processing issues and gaps in the billing and administration of the agency's vision and dental programs. In October 2022, the OHC conducted another review of these two programs to examine the process for removing aged-out dependents and recertifying dependents who exceed age requirements but meet the requirements for continued eligibility.

² Eligible dependents for the CFPB's vision and dental programs include lawful spouses; domestic partners; and children up to age 22, up to age 25 if they are full-time students, or over age 22 if they are incapable of self-support.

CFPB employees can enroll in the agency's vision and dental, the FEDVIP dental and vision program, or both programs.

The eligibility criteria for enrollee dependents varies across the four programs, as do the CFPB's administrative responsibilities and processes. The *CFPB Benefits Eligibility, Enrollment, and Billing Reconciliation SOP* documents the eligibility requirements and enrollment processes for all four healthcare benefits programs and describes the procedures for reviewing, reconciling, and submitting payments on benefits-related invoices received from insurance carriers and other federal agencies.³

Shared Administrative Responsibilities for the Healthcare Benefits Programs

Administering the four healthcare benefits programs involves benefits counseling, enrollment, and eligibility determination, among other efforts. OPM manages the FEHB program and FEDVIP, and the Benefits office administers the agency's vision and dental programs. The CFPB has a vendor relationship with the Bureau of the Fiscal Service (BFS), a bureau of the U.S. Department of the Treasury that supports federal agencies with administrative and other services, to administer and process employee benefits for the FEHB program and the agency's vision and dental programs.

Administration of the FEHB Program and FEDVIP

OPM is responsible for administering the FEHB program and shares some responsibilities with the Benefits office and with BFS. OPM's administrative responsibilities include contracting with insurance carriers, resolving disputed health insurance claims, and providing guidance. The Benefits office collects enrollment forms and provides an initial eligibility review. BFS completes a secondary review of FEHB program enrollment forms, processes the enrollment forms and transmits them to the appropriate insurance carrier, and notifies employees of eligibility issues that need to be resolved. In addition, BFS supports the Benefits office by counseling CFPB employees on the FEHB program and responding to employee questions on topics such as eligibility and enrollment. BFS's responsibilities include terminating ineligible employee and dependent enrollments for the FEHB program.

OPM is solely responsible for administering FEDVIP. CFPB employees may enroll in FEDVIP through BENEFEDS, a government-authorized, OPM-sponsored portal. BENEFEDS determines applicant eligibility.

Administration of the CFPB's Vision and Dental Programs

The Benefits office administers the agency's vision and dental programs. Specifically, the Benefits office collects enrollment forms, conducts initial reviews of enrollment forms for accuracy and completeness, verifies dependent eligibility for new hires, and monitors for aged-out dependents. In addition, the Benefits office also verifies eligibility following a qualifying life event. The Benefits office outsources some of its responsibilities to BFS. BFS processes CFPB vision and dental benefits, including conducting a

³ The *CFPB Benefits Eligibility, Enrollment, and Billing Reconciliation SOP* includes the eligibility requirements and enrollment process for all the benefits programs available to CFPB employees. Some of these programs, such as Federal Employee Group Life Insurance and the Federal Flexible Spending Account Program, are outside the scope of this evaluation.

secondary review of enrollment forms, processing enrollments, and communicating with employees regarding eligibility issues.

The Benefits office receives biweekly reports from the vision and dental insurance carriers. These reports identify dependents approaching the age-out thresholds for CFPB vision and dental coverage. The Benefits office also tracks dependents over the age of 25 in a monitoring spreadsheet. Dependents over the age of 25 can remain enrolled if the employee provides documentation evidencing that the dependent is incapable of self-support.

Recent Changes in the Benefits Office

The Benefits office has recently experienced organizational changes: A new director was onboarded, and, according to a CFPB official, the decision was made to not fill a vacant team lead position. In addition, the Benefits office implemented a new monitoring process to ensure that BFS and the carriers in the agency-sponsored vision and dental programs adhere to their responsibilities for eligibility verification. This process includes meetings with BFS and insurance carriers to track and correct identified discrepancies.

Finding 1: The Benefits Office Can Strengthen Its Benefits Enrollment Procedures Through Periodic Internal Control Reviews

During our scoping, we learned that the OHC conducted two internal control reviews of its administration of the agency's vision and dental programs. According to a CFPB official, the scope period for these reviews was the 12-year period beginning from the creation of the agency. These reviews found nonmaterial discrepancies in the enrollment files, such as delays in the processing of enrollment terminations and billings under incorrect benefit tier levels for active employees. Examples of discrepancies from the two internal control reviews include the following:

- 235 instances of individuals over the maximum eligibility age of 25
- 223 instances of individuals who exceeded the initial eligibility age of 22 and did not have a waiver documenting that they were incapable of self-support or enrolled full time in an educational program
- 2 instances in which employees were enrolled under incorrect benefit tier levels
- 206 instances of separated employees listed as active in the enrollment files

Finally, the reviews noted a lack of an established process to identify, verify, and remove aged-out dependents. CFPB officials indicated the large number of discrepancies were cumulative errors spanning the 12-year scope period and explained that eligibility verification monitoring processes were not in place consistently during that period.

According to GAO's *Standards for Internal Control in the Federal Government*, management should establish and operate activities to monitor the internal control system and evaluate results. The GAO standards further state that management should periodically review its control activities to ensure that they are relevant and effective. Additionally, management should review its procedures and control

activities in a timely manner after a significant change in personnel or process to determine whether the activities are designed and implemented appropriately.

CFPB officials indicated that the absence of defined roles, responsibilities, procedures, and accountability processes among the OHC, BFS, and the insurance carriers that help administer these programs contributed to these discrepancies.⁴

The Benefits office has taken steps to update its SOP and certain eligibility verification processes, in part, to address the underlying cause of these identified discrepancies. For example, the Benefits office changed the frequency of monitoring for dependent eligibility from monthly to biweekly, and it now meets with the insurance carriers and BFS to discuss eligibility issues, review enrollment discrepancies and processing delays, and coordinate process or procedure changes. Because the Benefits office informed us that these eligibility verification processes are new and evolving, we did not test their effectiveness.

Given the personnel and process changes in the Benefits office, we believe that OHC management should continue its efforts to monitor and track progress toward eliminating these discrepancies. Without such efforts, the agency cannot be assured that its benefits enrollment procedures and processes for the agency's vision and dental programs are operating as intended, and significant enrollment errors may persist.

Recommendations

We recommend that the chief human capital officer (CHCO)

1. Ensure that the OHC continues to monitor dependent eligibility on a biweekly basis and corrects discovered discrepancies.
2. Ensure that the OHC conducts a comprehensive annual review of the control activities for administering the agency's vision and dental programs to ensure that they are operating effectively.

Management Response

In response to our draft report, the CHCO concurs with our recommendations. Regarding recommendation 1, the response states that the OHC Benefits office receives biweekly dental and vision program vendor reports that include tailored dependent eligibility information created to support the agency's discrepancy reconciliation and tracking process for eligibility determination. The CFPB will continue to receive these reports and use them to complete its eligibility review process and correct discrepancies as appropriate by the third quarter of 2024.

Regarding recommendation 2, the response states that the OHC staff responsible for administering the agency's vision and dental programs conduct reoccurring meetings with the agency program vendors and the processing provider, BFS, to discuss dependent eligibility and the review process on a scheduled basis.

⁴ CFPB officials shared conflicting perspectives about whether turnover within the Benefits office during the 12-year scope of the internal control review contributed to the discrepancies. The cause of the discrepancies was outside our scope.

The Benefits office also will be required to establish an annual comprehensive internal control review, to be conducted with dental and vision program vendor stakeholders, of the eligibility review process and to identify opportunities for improvement. Findings from these annual reviews will be provided directly to the CHCO and the CFPB's chief operating officer. The CFPB expects to complete the first annual comprehensive review of internal control activities by the first quarter of 2025.

OIG Comment

The planned actions described by the CHCO appear to be responsive to our recommendations. We will follow up to ensure that the recommendations are fully addressed.

Finding 2: The Benefits Office Can Take Additional Steps to Improve the Control Environment for Its Vision and Dental Programs

We found that although the Benefits office periodically updated the *CFPB Benefits Eligibility, Enrollment, and Billing Reconciliation SOP* during the February 2018–May 2023 time frame, the office has not updated the SOP to fully reflect the recent process changes described in finding 1. For example, during our scoping period, the Benefits office had not updated the SOP to reflect that the monitoring of dependent eligibility verification is now biweekly. After our scoping was completed, the Benefits office provided us with documentation evidencing that it had updated the SOP to reflect this change in timing; however, we noted that an update to at least one other related verification process is not yet reflected in the SOP, and CFPB officials indicated that their eligibility verification processes continue to evolve. In addition, the agency has not trained Benefits office staff on the SOP. Further, we found that the Benefits office has not established a training protocol for its employees to ensure that procedures are properly communicated.

According to GAO's *Standards for Internal Control in the Federal Government*, management is responsible for documenting responsibilities for processes and control activities. The GAO standards further state that management is responsible for communicating the procedures to employees so they can implement the control activities for their assigned responsibilities and for providing tailored training to employees to develop their knowledge, skills, and abilities so they can meet the organization's needs.

An official from the Benefits office noted that the SOP is a broad and comprehensive document that also includes procedures for several benefits programs outside the scope of this review. The SOP's programmatic breadth means that many developments—including changes in federal laws and guidance—may necessitate SOP changes and modifications. Benefits office management acknowledged that they have not yet updated the SOP to include some of the dependent eligibility verification monitoring process changes. Further, CFPB officials indicated that the Benefits office has not yet trained its staff because the staff members themselves were integral in drafting the SOP updates. Nevertheless, we believe that staff can benefit from periodic process reminders, and new staff members should receive formal instruction on the SOP.

We believe that the lack of updated procedures and training related to enrollment processes may limit the effectiveness of the CFPB's efforts to implement controls to ensure that the vision and dental program enrollment processes are executed consistently and correctly. Further, the recent turnover in the Benefits office highlights the importance of establishing a training protocol. Staff training can help minimize any single-person dependencies and ensure continuity of operations in the event of turnover. The OHC should consider designing a training program that best addresses staff development needs.

Recommendations

We recommend that the CHCO

3. Ensure that the OHC updates the relevant SOP to reflect new eligibility verification processes.
4. Develop and periodically provide tailored training for employees who administer the agency's vision and dental programs.

Management Response

In response to our draft report, the CHCO concurs with our recommendations. Regarding recommendation 3, the response states that the OHC is committed to maintaining an updated *CFPB Benefits Eligibility, Enrollment, and Billing Reconciliation SOP*. Further, the CFPB states that the SOP is current, and the Benefits office will continue to participate in the annual OHC SOP recertification review process to confirm updates have been completed by the second quarter of 2024.

Regarding recommendation 4, the response states that the OHC Benefits office has scheduled an initial dental and vision program training session on April 15, 2024, for employees who administer the programs. This training will consist of a full review of the appropriate sections of the SOP and the reconciliation and billing processes. The CFPB will schedule subsequent annual training sessions to be held in the second quarter of each fiscal year, starting in 2025.

OIG Comment

The planned actions described by the CHCO appear to be responsive to our recommendations. We will follow up to ensure that the recommendations are fully addressed.

Closing

We have completed our report on the subject evaluation. We conducted this evaluation to assess the CFPB's eligibility verification processes for the agency's vision and dental programs, the FEHB program, and FEDVIP to identify any opportunities for improvement.

We provided you with a draft of our memorandum report for review and comment. In your response, you concur with our recommendations and outline actions that have been or will be taken to address our recommendations. We have included your response as an attachment to our report.

We appreciate the cooperation we received from the Benefits office and the OHC during our evaluation. Please contact me if you would like to discuss this report or any related issues.

Tyshawn Thomas

March 20, 2024

Attachment

cc: Marianne Roth
Adam Martinez
Jean Chang
Vickki Johnson
Richard Austin
Ashley Adair

Attachment

Management Response



1700 G Street NW, Washington, DC 20552

March 13, 2024

Michael VanHuysen
Associate Inspector General for Audits and Evaluations
Board of Governors of the Federal Reserve System &
Consumer Financial Protection Bureau
20th and C Streets, NW
Washington, DC 20551

RE: Results of Scoping of the Evaluation of the CFPB's Healthcare Benefits Eligibility Process

Dear Mr. VanHuysen,

Thank you for the opportunity to review and comment on the Office of Inspector General's (OIG) draft Memorandum Report titled "CFPB Healthcare Benefits." The Office of Human Resources (OHC) has reviewed the report and appreciate the recommendations provided regarding CFPB's eligibility verification processes and controls for the CFPB Dental and Vision programs, FEDVIP Dental and Vision programs, and FEHB. We agree that we need to strengthen our eligibility review procedures through periodic reviews and improve our controls environment through consistent updates to our Standard Operating Procedures and training for our staff responsible for administering the dental and vision programs. In addition, thank you for allowing us to confirm completion of updates to the dental and vision section of our Eligibility, Enrollment, Billing and Reconciliation Standard Operating Procedure (SOP) which completed the last outstanding issue. OHC will implement the OIG recommendations and continue to monitor and evaluate processes and procedures to ensure requirements are met in a timely manner.

We appreciate recognition of our efforts over the past year to improve our processes and controls regarding the eligibility process for our CFPB Dental and Vision programs. This was an extensive effort that required the cooperation of our CFPB Dental and Vision plan providers and our Bureau of Fiscal Services processing partners to develop new processes, procedures, and reporting requirements and establish ongoing monitoring of the eligibility verification for our employees and their dependents to ensure our programs were in compliance.

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We value your objective, independent viewpoints and appreciate the professionalism and courtesy consistently demonstrated by all OIG staff throughout this review. We have provided comments for each recommendation.

Sincerely,

TYSHAWN
THOMAS

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Tyshawn Thomas
Chief Human Capital Officer, CFPB

Adam Martinez, Associate Director, Operations, CFPB
Jean Chang, Deputy Chief Operating Officer, CFPB
Vickki Johnson, Deputy Chief Human Capital Officer, CFPB

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**Response to Recommendations presented in the Draft IG Report,
“Result of Scoping the Evaluation of the CFPB’s Healthcare Benefits
Eligibility Processes.”**

Recommendation 1: Ensure the OHC continues to monitor dependent eligibility on a biweekly basis and corrects discovered discrepancies.

Management Response: CFPB concurs with this recommendation. The OHC Benefits Office receives biweekly dental and vision program vendor reports that include tailored dependent eligibility information created to support our eligibility, discrepancy reconciliation and tracking process. We will continue to complete this established process of eligibility review and correct discrepancies as appropriate. The recommendation to continue to monitor this process and correct discrepancies will be met by 3rd Quarter 2024.

Recommendation 2: Ensure that OHC conducts a comprehensive annual review of the control activities for administering the agency’s vision and dental programs to ensure that they are operating effectively.

Management Response: The Bureau concurs with this recommendation. OHC staff responsible for administering the agency’s vision and dental programs conduct reoccurring meetings with our program vendors and the processing provider BFS to discuss dependent eligibility and the review process on a scheduled basis. The Benefits Office will be required to establish an annual internal controls review to include dental and vision vendor stakeholders to complete a comprehensive review of the control activities for administration of eligibility review process and to identify opportunities for improvements. This recommendation should be completed by 1st Quarter 2025. This findings will be provided directly to the CHCO and COO for review.

Recommendation 3: Ensure the OHC updates the relevant SOP to reflect new eligibility verification processes.

Management Response: CFPB concurs with this recommendation. OHC is committed to updating and maintaining the new Eligibility, Enrollment, Billing and Reconciliation SOP. The SOP is current and we will continue to participate in the annual OHC HR Operations SOP recertification review process to confirm updates have been completed. Completion date of action – 2nd Quarter 2024.

Recommendation 4: Develop and periodically provide tailored training for employees who administer the agency’s vision and dental programs.

Management Response: The Bureau concurs with this recommendation. The OHC Benefits Office has scheduled an initial dental and vision program training session for 3rd Quarter – April 15, 2024. This training will consist of a full review of the appropriate sections of the SOP in addition to information related to the reconciliation and billing processes. The next training session will be scheduled for 2nd Quarter 2025 and conducted the 2nd quarter of the fiscal year each year thereafter.

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