



American Customer
Satisfaction Index™

American Customer Satisfaction Index

Report on the

**Civil Service and Federal Employees
Retirement System
Office of Personnel Management**

September 1999

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Chapter I

Introduction & Methodology

a. Introduction

Thirty United States federal government agencies are participating for the first time in measurement of customer satisfaction as part of the American Customer Satisfaction Index (ACSI). ACSI is the national indicator of customer evaluations of the quality of goods and services available to U.S. residents. It is the only uniform, cross-industry/government measure of customer satisfaction. Since 1994 ACSI has measured satisfaction, its causes and effects, for seven economic sectors, 34 industries, approximately 170 private sector companies, two types of local government services, the U.S. Postal Service, and the Internal Revenue Service. Now a substantial portion of federal government joins the ACSI. This will allow benchmarking between the public and private sectors and provide information unique to each agency on how its activities that interface with the public affect the satisfaction of user customers. The effects of satisfaction are estimated, in turn, on specific objectives (such as public trust). The 30 agencies participating in ACSI serve 90% of federal government customers.¹

ACSI is produced by a partnership of the University of Michigan Business School, Arthur Andersen, and ASQ (American Society for Quality).

b. Overview of ACSI Methodology

ACSI uses a tested, multi-equation, econometric model, shown in Figure 1. Input to the cause and effect model comes from surveys of customers of each measured company/agency. For private sector industries, company scores for satisfaction (ACSI) and other model components are weighted by company revenues to produce industry indices. Industry indices are weighted by revenues to produce economic sector indices. The sector indices, in turn, are weighted by the sector's contribution to the Gross Domestic Product (GDP) to produce the national ACSI. For the federal government agencies, each is weighted by the budget expended on activities for the chosen customer segment to produce a federal government ACSI.

The ACSI is updated on a rolling basis with data from 1-2 sectors collected each quarter and used to replace data collected the prior year. Each company or agency is measured annually.

¹ National Partnership for Reinventing Government news release, May 26, 1999.

Each federal government agency serves many segments of the public, both those internal to government and external users. For the first year of ACSI measurement, each agency was asked to identify a major customer user segment, central to its mission, for which to measure satisfaction, and the causes and effects of that satisfaction.

c. Customer Segment Choice

This report is about the Office of Personnel Management (OPM) in 1999. OPM chose as its customer segment federal retirees and survivor annuitants who had a transaction within the past year with OPM's Civil Service and Federal Employees Retirement System.

d. Customer Sample

OPM provided a random list of 2,996 names with addresses drawn from the Annuity Roll Payment System through which OPM authorizes monthly benefit payment to approximately 2.5 million retirees and survivor annuitants. Market Strategies, Inc. did a phone match from which a sample was drawn sufficient for the completion of 260 interviews.

e. Questionnaire and Interviewing

The questionnaire used is shown in Appendix A. It was designed to be agency-specific in terms of activities and outcomes, and introductions to the questionnaire and to specific question areas. However, it follows a format common to all the federal agency questionnaires, that allows cause and effect modeling using the ACSI model.

Customer interviews were conducted by telephone between August 4-August 7, 1999, by professional interviewers of Market Strategies, Inc. working under monitored supervision from a central phone room. Interviewers used CATI (computer-assisted-telephone-interviewing) terminals programmed for the specific questionnaire. Four calls were made on each selected sample name, with calls conducted on both weekdays and weekend to reach the designated name. If an interview could not be completed in four calls, or if the designated person was screened out as not meeting the criteria described under Customer Segment Choice, the name above or below on the membership list was selected as a substitute and the four call process begun again.

f. Customer Responses and Respondent Profile

Customer responses to all questions are shown as frequency tables in Appendix B. Appendix B also shows the means of all scaled questions. Questions at the end of Appendix B that start with the letter "D" are questions that profile respondent characteristics.

g. Benchmarking

Benchmarking of ACSI, and other model components measured in common for multiple agencies, will be part of the report: "American Customer Satisfaction Index: Government-wide Satisfaction" to be issued in late 1999. This report will show indices for all 30 measured government agencies, along with the most recently released ACSI for 170 private sector companies and two types of local government services (police and solid waste disposal).

Chapter II

ACSI Results

a. Model Indices

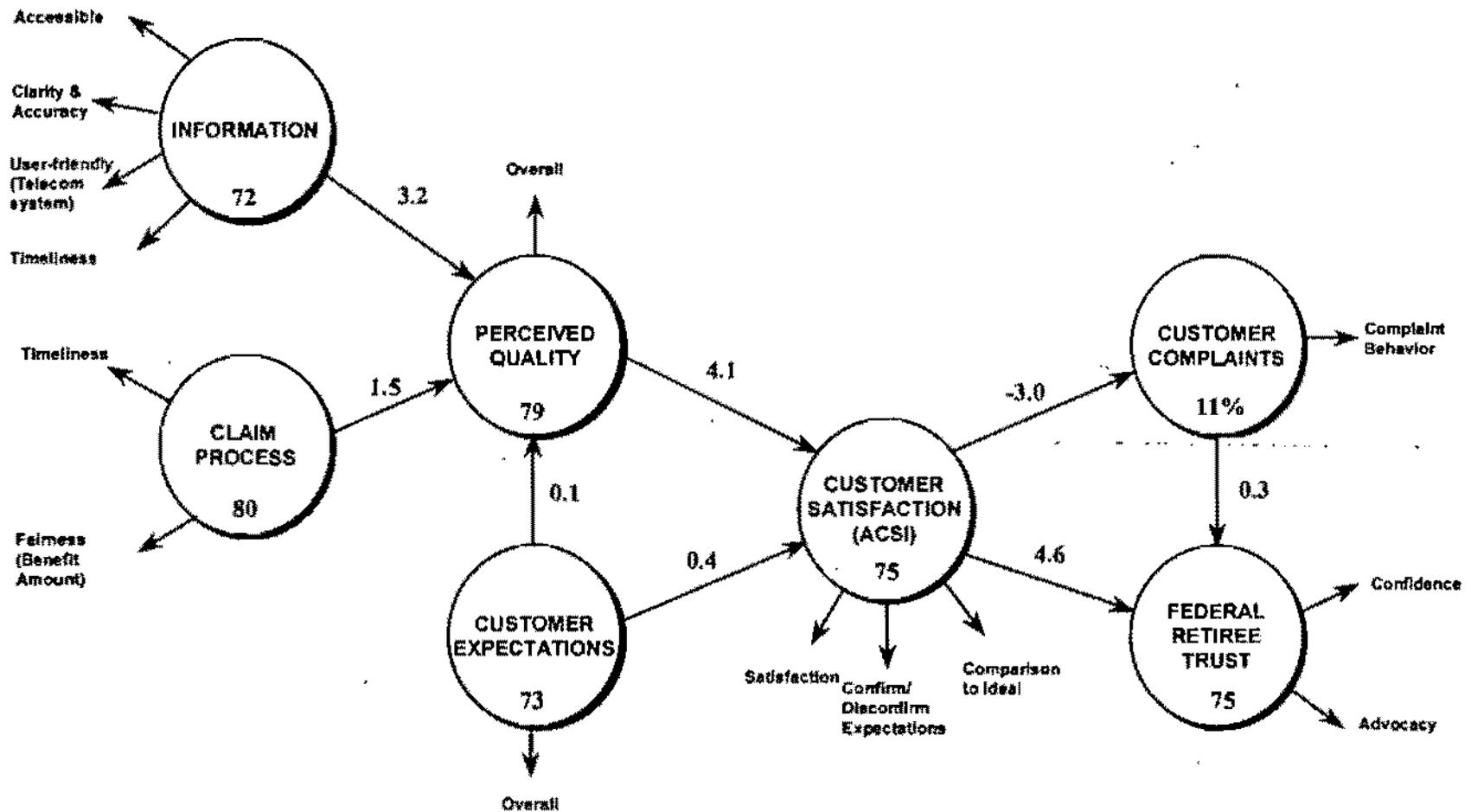
The government agency ACSI model is a variation of the model used to measure private sector companies. Both were developed at the National Quality Research Center of the University of Michigan Business School. Whereas the model for private sector, profit-making, companies measures Customer Loyalty as the principal outcome of satisfaction (measured by questions on repurchase intention and price tolerance), each government agency, defined the outcome most important to it for the customer segment measured. Each agency also identified the principal activities that interface with its customers. The effects of these activities on customer satisfaction/dissatisfaction are estimated by the model.

Thus the model, shown in Figure 1 for the OPM should be viewed as a cause and effect model that moves from left to right, with satisfaction (ACSI) in the middle. The circles are multi-variable components that are measured by several questions (question topics are shown at the tips of the small arrows). The large arrows connecting the components in the circles represent the strength of the effect of the component on the left to the one to which the arrow points on the right. These arrows represent "impacts." The larger the number on the arrow, the more effect the component on the left has on the one on the right.

The OPM model is shown as Figure 1. The meanings of the numbers shown in the model are the topic of the rest of this chapter.

ACSI Model for Office of Personnel Management

Segment: Federal retirees and survivor annuitants with a transaction in the past year



b. Satisfaction: ACSI

The ACSI is a weighted average of three questions, Q11, Q12, and Q13, in the questionnaire in Appendix A. The questions are answered on 1-10 scales, but the weighted average is transposed and reported as an index on a 0-100 scale.² The three questions measure: Overall satisfaction (Q11); Fallen short of or exceeded expectations (Q12); and Comparison to an ideal (Q13). The model does the weighting to maximize the effect of satisfaction on the agency outcome at the bottom right of the model in Figure 1.

The 1999 customer satisfaction index (ACSI) for the OPM is 75 on a 0-100 scale. This is 3 points higher than the current national ACSI of 72.0 at the end of the second quarter of 1999.

c. Drivers of Satisfaction

OPM identified two activities that interface with its customers: The Claim Process, measured by a question concerning the timeliness of the process and a question on the fairness of the benefit amount received; and Information about the claim process, measured by four questions – accessibility of information from OPM, clarity of that information, ease of use and user friendliness of OPM's toll-free, self service telephone system, and timeliness of response to inquiries. The indices for Information and Claim Process are weighted averages of these questions.

Two other components are major drivers of satisfaction. The first is the customer's expectations of the quality he/she would receive from the OPM -- expectations prior to use or, for longer term users, prior to recent use (Q1). The second is his/her overall perception of the quality delivered after experience with OPM. (Q10).

² The confidence interval for this agency's customer segment is plus or minus 2.8 points on a 0-100 scale at the 95% confidence level.

Table 1: Drivers of Satisfaction	
Activities That Drive Satisfaction:	
CLAIM PROCESS	80
INFORMATION	72
Major Drivers of Satisfaction	
CUSTOMER EXPECTATIONS (Anticipated Quality)	73
PERCEIVED QUALITY (Experienced Quality)	79

The Claim Process index is very good at 80; annuitants gave OPM roughly the same scores for both the timeliness of the claim process (mean of 8.2 on a 1-10 scale) and fairness of the benefit amount (mean of 8.1). Information receives a significantly lower score at 72. Annuitants give adequate ratings on the clarity and accuracy of information (mean of 7.8) and the timeliness of receiving a response to an inquiry (mean of 7.5). However, the overall score for information is pulled down considerably by lower ratings on the accessibility of information (mean of 7.1) and the ease of use and user friendliness of the toll-free self service telephone system (mean of 6.9), which scored the lowest mean of any of the questions pertaining to the drivers of satisfaction. Clearly annuitants find information from OPM clear and somewhat timely, but there are problems accessing that information, particularly through OPM's telecommunications system. This is a key area for improvement.

Perceived Quality, an overall evaluation of experienced quality, has an adequate index score of 79, though this index is pulled down by the lower score for Information. Customer Expectations are slightly lower at 73, though in line with the overall Customer Satisfaction (ACSI) index of 75.

d. Outcomes of Customer Satisfaction

Customer Complaints

Only 11% of annuitants indicated that they have ever complained about OPM's Civil Service and Federal Employees Retirement System. Of these almost all have complained formally in writing or by telephone to OPM an average of 4.1 times, while 9% have also complained informally to OPM personnel an average of 3.2 times. Annuitants rated the handling of their most recent complaint at a 4.5 on a 1-10 scale. While the percentage of complainers is relatively small, those who have complained did not feel that their most recent complaint was handled particularly well, with 39% of complainers giving OPM the lowest mark on the scale.

Federal Retiree Trust

The outcome the OPM wants from satisfied customers is Federal Retiree Trust. Federal Retiree Trust for this modeling was measured by two questions: Confidence that OPM will administer its benefit program for retirees and survivors efficiently in the future (Q15); and whether annuitants would be willing, if asked, to say positive things about OPM (Q16).

The index of Federal Retiree Trust is 75 on a 0-100 scale. This is an adequate, though not high, outcome measure, with the question on confidence in the future efficiency of the benefit program scoring higher (mean of 7.8) than the question on advocacy (mean of 7.3). Annuitants are rather confident in the future of the program, but not as likely to speak positively about OPM.

e. Using the Model

Now, it is time to look again at the OPM model in Figure 1 to examine the multivariate components in context and to look at the effects, or "impact" of each component on subsequent components.

Of the two activities, Claim Process scores higher at 80; however its "impact" or effect on Perceived Quality is less than half that of Information. Information scores significantly lower, and with a strong impact of 3.2 on Perceived Quality is therefore the key area for improvement.

Impact scores should be read as the effect on the subsequent component if the component at the tail of the arrow were to be improved by 5 points. Thus, if Information were improved by 5 points, Perceived Quality would go up from 79 TO 82.2. Customer Satisfaction (ACSI) would, in turn, increase by 2.6 to become 77.6.³

Perceived Quality has a very strong impact on Customer Satisfaction (ACSI). A 5 point increase would raise satisfaction by 4.1 points to 79.1. The Customer Expectations component, which for many companies is a major driver of Perceived Quality, has little or no effect on either quality or satisfaction in the OPM model. Satisfaction has a very strong impact on Federal Retiree Trust at 4.6.

Summary

OPM receives a high score on its Claim Process and a significantly lower score for its Information component. Given the very strong impact of Information on quality and its relatively low score, this is seen as the key area for improvement, particularly

³ The computation is: Impact of Perceived Quality on ACSI (Impact of Information on Perceived Quality/5), or 4.1 (3.2/5)=2.6

regarding accessibility of information and the toll-free self service telephone system, which scored a significantly lower mean than the other indicators.

Customer Satisfaction (ACSI) scores three points higher than the national ACSI and is well above average for a service provider. More specific benchmarking will be contained in the government-wide satisfaction report covering both the 30 measured federal agencies and 170 companies.

The importance of satisfaction to Federal Retiree Trust is demonstrated by the strength of its impact score. An increase in OPM's ACSI index will produce an almost identical increase in Federal Retiree Trust.

f. Perceived Satisfaction Change Since 1997

Since this is the first year for ACSI measurement of customer satisfaction for the 30 measured federal agencies, it is not possible to do a trend analysis with data from several points in time. Therefore, for this first time study, customers were asked to think about their current satisfaction, and compare that with their satisfaction with the same agency program two years prior.

Table 2: How satisfied are you currently compared with two years ago? (1=Much less satisfied than two years ago 10=Much more satisfied than two years ago)	
	%
1-4	5.8
5-6	27.3
7-8	20.4
9-10	38.5
Did not use/don't know	8.1
Mean of those making comparison (1-10 scale)	7.5

Since 5.5 is the midpoint on a 1-10 scale, the mean score of 7.5 by those with experience with OPM's benefit program over the two year period is on the positive side. Thus satisfaction has improved during that period. However, a significant 30% of customers feel their satisfaction is essentially unchanged.

APPENDIX A
SURVEY QUESTIONNAIRE

Q99OPM
Office of Personnel Management
ACSI Questionnaire
H99206

Agency. OPM99

MOVE IN CONTACT NAME FROM SAMPLE

May I speak with [RESTORE CONTACT NAME]?

Hello, I'm (NAME) calling on behalf of the University of Michigan. We are conducting research on how satisfied users are with services provided by federal government agencies and private companies as part of the American Customer Satisfaction Index. You may have read something about the American Customer Satisfaction Index in *USA Today*, the *Wall Street Journal*, *Fortune* magazine, or your local newspaper.

Today I want to ask you about services you receive from the Office of Personnel Management, as a Civil Service, Postal, Judicial, or Congressional retiree or as the survivor of an employee of one of these types of Federal employment. The purpose of the research is to help OPM improve its retirement services for you and others like you. Your answers are voluntary, but your opinions are very important for this research. Your name will be held completely confidential and never connected to your answers. This interview will take 8-10 minutes and is authorized by Office of Management and Budget Control No. 3090-0271

QA. Just to confirm, have you or a spouse currently receive retiree benefits from the Office of Personnel Management?

- 1 Yes {GOTO INTRO BEFORE Q1}
 - 2 No { TERMINATE}
 - 3 Don't know { TERMINATE}
 - 4 Refused {TERMINATE}
-

Now, I am going to ask you some questions about OPM services with which you have had experience...

Q1. Before you retired or applied for survivor benefits, you probably knew something about the Office of Personnel Management retirement services. Now think back and remember your expectations of the overall quality of the OPM services. Please give me a rating on a 10 point scale on which "1" means your expectations were "not very high" and "10" means your expectations were "very high." How would you rate your expectations of the overall quality of OPM retirement services to retirees and survivors?

[RECORD RATING 1-10]

11 Don't know

12 Refused

Now, let's think about applying for benefits...

- Q2. How timely and efficient was the handling of your application? Again, we will use a 10 point scale on which "1" means "not at all timely and efficient" and "10" means "very timely and efficient." How timely and efficient was the handling of your application for benefits?

[RECORD RATING 1-10]

- 11 Don't know
12 Refused
-

- Q3. Was the amount determined for your benefits fair according to your salary and years of service? Using a 10 point scale on which "1" means "very unfair" and "10" means "very fair," how fair was the amount of your benefits?

[RECORD RATING 1-10]

- 11 Don't know
12 Refused
-

And next, considering information available to you from the Office of Personnel Management...

- Q4. How accessible is information from OPM? Using a 10 point scale on which "1" means "very difficult to get" and "10" means "very easy to get," how difficult or easy to get is information from OPM?

[RECORD RATING 1-10]

- 11 Don't know
12 Refused
-

- Q5. Is information clear and accurate? Using a 10 point scale on which "1" means "not at all clear and accurate," and "10" means "very clear and accurate," how clear and accurate is information you get from OPM?

[RECORD RATING 1-10]

- 11 Don't know
12 Refused
-

- Q6. Is the OPM toll-free, self service telephone system easy to use and user-friendly? Using a 10 point scale on which "1" means "very difficult to use and not at all user-friendly" and "10" means "very easy to use and very user-friendly," how would you rate the OPM telecommunications system?

[RECORD RATING 1-10]

- 11 Don't know

12 Refused

Q7. How timely is OPM in responding to your inquiries? Using a 10 point scale on which "1" means "not timely and efficient" and "10" means "very timely and efficient," how timely is OPM in responding to your questions?

[RECORD RATING 1-10]

11 Don't know
12 Refused

Q8 Not Asked

Q9 Not Asked

Q10 Please consider all your experiences in the past two years with the Office of Personnel Management retirement services. Using a 10 point scale, on which "1" means "not very high" and "10" means "very high," how would you rate the *overall quality* of OPM retirement services?

[RECORD RATING 1-10]

11 Don't know
12 Refused

Satisfaction includes many things. Let's move on and talk about your overall satisfaction with OPM.

Q11. First, please consider all your experiences to date with the OPM retirement services. Using a 10 point scale on which "1" means "very dissatisfied" and 10 means "very satisfied," how *satisfied* are you with OPM retirement services?

[RECORD RATING 1-10]

11 Don't know
12 Refused

Q12. Considering all of your expectations, to what extent have OPM retirement services fallen short of your expectations or exceeded your expectations? Using a 10 point scale on which "1" now means "falls short of your expectations" and "10" means "exceeds your expectations," to what extent have OPM retirement services fallen short of or exceeded your expectations?

[RECORD RATING 1-10]

11 Don't know
12 Refused

Q13. Forget the OPM for a moment. Now, I want you to imagine an ideal organization providing retirement benefits. (PAUSE) How well do you think OPM compares with that ideal organization? Please use a 10 point scale on which "1" means "not very close to the ideal," and "10" means "very close to the ideal."

[RECORD RATING 1-10]

- 11 Don't know
 - 12 Refused
-

Next, I want you to think about any communication you may have had with OPM regarding complaints about your retirement benefits experience.

Q14. Have you ever complained about OPM?

- 1 Yes
 - 2 No
 - 3 Don't know
 - 4 Refused
-

(IF Q14 = 1, ASK Q14A - 14C; OTHERWISE GO TO Q15)

Q14A. How many times have you complained formally to OPM, either in writing or by telephone?

[RECORD NUMBER 0-996]

- 997 GE 997 times
 - 998 Don't know
 - 999 Refused
-

Q14B And how many times have you complained in talking to personnel of OPM?

[RECORD NUMBER 0-996]

- 997 GE 997 times
 - 998 Don't know
 - 999 Refused
-

Q14C. How well, or poorly, was your most recent complaint handled? Using a 10 point scale on which "1" means "handled very poorly" and "10" means "handled very well," how would you rate the handling of your complaint?

[RECORD RATING 1-10]

- 11 Don't know/not relevant/did not use
 - 12 Refused
-

Q15. How confident are you that the Office of Personnel Management will administer a benefit program for retirees and survivors efficiently in the future? Using a 10 point scale on which "1" means "not at all confident" and 10 means "very confident," how confident are you that the Office of Personnel Management will administer a benefit program for retirees and survivors efficiently in the future?

[RECORD RATING 1-10]

- 11 Don't know
 - 12 Refused
-

Q16. If asked, how willing would you be to speak positively about Office of Personnel Management retirement services to federal retirees and survivors of federal employees? Using a 10 point scale on which "1" means "not at all willing" and "10" means "very willing," how willing would you be to speak positively about OPM?

[RECORD RATING 1-10]

- 12 Don't know
 - 12 Refused
-

Q17. Now think about how satisfied you currently are with the OPM retirement services. Then think about how satisfied you were with OPM retirement services two years ago. Please use a 10 point scale on which "1" means "much less satisfied than two years ago" and "10" means "much more satisfied than two years ago." How would you rate your present satisfaction compared to two years ago?

[RECORD RATING 1-10]

- 13 Don't know/Never used
 - 12 Refused
-

Now, we need to ask a few demographic questions for the ACSI consumer profile...

D1. What is your age, please?

[RECORD NUMBER OF YEARS 1-150]

- 998 Don't know
 - 999 Refused
-

D2. What is the highest level of formal education you completed?
(READ CODES 1-5)

- 1 Less than high school
- 2 High school graduate
- 3 Some college or associate degree
- 4 College graduate
- 5 Post-Graduate

- 6 Don't know
 - 7 Refused
-

D3. Are you of Hispanic, Latino or Spanish origin?

- 1 Yes
 - 2 No
 - 3 Don't know
 - 4 Refused
-

D4. Do you consider your race(s) as:
(READ CODES 1-5; ACCEPT MORE THAN ONE MENTION)

- 1 *White*
 - 2 **Black/African American**
 - 3 **American Indian/Alaska Native**
 - 4 **Asian**
 - 5 **Native Hawaiian or other Pacific Islander**
 - 6 **(DO NOT READ) Other race**
 - 7 **Don't know**
 - 8 **Refused**
-

D5. What was your total annual family income in 1998?
(READ CODES 1-7)

- 1 Under \$20,000
 - 2 \$20,000 but less than \$30,000
 - 3 \$30,000 but less than \$40,000
 - 4 40,000 but less than \$60,000
 - 5 \$60,000 but less than \$80,000
 - 6 \$80,000 but less than \$100,000
 - 7 \$100,000 or more
 - 8 Don't know
 - 9 Refused
-

D6. [RECORD GENDER BY OBSERVATION]

- 1 Male
 - 2 Female
-

APPEND SAMPLE VARIABLES IF THERE ARE ANY

APPENDIX B

FREQUENCIES AND MEANS OF SURVEY QUESTIONS

Q1 - Customer Expectations

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1	8	3.1	3.1	3.1
	2	3	1.2	1.2	4.3
	3	6	2.3	2.4	6.7
	4	8	3.1	3.1	9.8
	5	25	9.6	9.8	19.6
	6	13	5.0	5.1	24.7
	7	37	14.2	14.5	39.2
	8	76	29.2	29.8	69.0
	9	31	11.9	12.2	81.2
	10	48	18.5	18.8	100.0
Don't know/Refused	99	5	1.9	Missing	
	Total	260	100.0	100.0	

Mean 7.424

Valid cases 255 Missing cases 5

Q2 - Claim Process/Timeliness

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1	11	4.2	4.3	4.3
	2	5	1.9	1.9	6.2
	3	3	1.2	1.2	7.4
	4	3	1.2	1.2	8.6
	5	7	2.7	2.7	11.3
	6	12	4.6	4.7	16.0
	7	20	7.7	7.8	23.7
	8	45	17.3	17.5	41.2
	9	42	16.2	16.3	57.6
	10	109	41.9	42.4	100.0
Don't know/Refused	99	3	1.2	Missing	
	Total	260	100.0	100.0	

Mean 8.237

Valid cases 257 Missing cases 3

Q3 - Claim Process/Fairness (Benefit Amount)

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1	8	3.1	3.1	3.1
	2	3	1.2	1.2	4.3
	3	7	2.7	2.7	7.1
	4	6	2.3	2.4	9.4
	5	17	6.5	6.7	16.1
	6	11	4.2	4.3	20.4
	7	13	5.0	5.1	25.5
	8	47	18.1	18.4	43.9
	9	37	14.2	14.5	58.4
	10	106	40.8	41.6	100.0
Don't know/Refused	99	5	1.9	Missing	.
Total		260	100.0	100.0	

Mean 8.118

Valid cases 255 Missing cases 5

Q4 - Information/Accessibility

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1	19	7.3	8.2	8.2
	2	9	3.5	3.9	12.0
	3	5	1.9	2.1	14.2
	4	5	1.9	2.1	16.3
	5	32	12.3	13.7	30.0
	6	9	3.5	3.9	33.9
	7	26	10.0	11.2	45.1
	8	37	14.2	15.9	60.9
	9	26	10.0	11.2	72.1
	10	65	25.0	27.9	100.0
Don't know/Refused	99	27	10.4	Missing	
Total		260	100.0	100.0	

Mean 7.073

Valid cases 233 Missing cases 27

Q5 - Information/Clarity & Accuracy

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1	9	3.5	3.6	3.6
	2	5	1.9	2.0	5.6
	3	6	2.3	2.4	7.9
	4	6	2.3	2.4	10.3
	5	16	6.2	6.3	16.7
	6	14	5.4	5.6	22.2
	7	25	9.6	9.9	32.1
	8	54	20.8	21.4	53.6
	9	32	12.3	12.7	66.3
	10	85	32.7	33.7	100.0
Don't know/Refused	99	8	3.1	Missing	
Total		260	100.0	100.0	

Mean 7.817

Valid cases 252 Missing cases 8

Q6 - Information/User-friendly (Telecom system)

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1	17	6.5	8.9	8.9
	2	6	2.3	3.1	12.0
	3	13	5.0	6.8	18.8
	4	9	3.5	4.7	23.4
	5	18	6.9	9.4	32.8
	6	9	3.5	4.7	37.5
	7	15	5.8	7.8	45.3
	8	30	11.5	15.6	60.9
	9	22	8.5	11.5	72.4
	10	53	20.4	27.6	100.0
Don't know/Refused	99	68	26.2	Missing	
Total		260	100.0	100.0	

Mean 6.880

Valid cases 192 Missing cases 68

Q7 - Information/Timeliness

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1	16	6.2	7.6	7.6
	2	4	1.5	1.9	9.5
	3	3	1.2	1.4	10.9
	4	4	1.5	1.9	12.8
	5	18	6.9	8.5	21.3
	6	9	3.5	4.3	25.6
	7	19	7.3	9.0	34.6
	8	42	16.2	19.9	54.5
	9	32	12.3	15.2	69.7
	10	64	24.6	30.3	100.0
Don't know/Refused	99	49	18.8	Missing	
	Total	260	100.0	100.0	

Mean 7.536

Valid cases 211 Missing cases 49

Q10 - Overall Quality

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1	6	2.3	2.4	2.4
	3	3	1.2	1.2	3.6
	4	3	1.2	1.2	4.9
	5	16	6.2	6.5	11.3
	6	18	6.9	7.3	18.6
	7	20	7.7	8.1	26.7
	8	60	23.1	24.3	51.0
	9	38	14.6	15.4	66.4
	10	83	31.9	33.6	100.0
Don't know/Refused	99	13	5.0	Missing	
	Total	260	100.0	100.0	

Mean 8.126

Valid cases 247 Missing cases 13

Q11 - Overall Satisfaction

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1	9	3.5	3.5	3.5
	2	2	.8	.8	4.3
	3	2	.8	.8	5.1
	4	4	1.5	1.6	6.6
	5	19	7.3	7.4	14.0
	6	19	7.3	7.4	21.4
	7	20	7.7	7.8	29.2
	8	51	19.6	19.8	49.0
	9	33	12.7	12.8	61.9
	10	98	37.7	38.1	100.0
Don't know/Refused	99	3	1.2	Missing	
Total		260	100.0	100.0	

Mean 8.051

Valid cases 257 Missing cases 3

Q12 - Confirm/Disconfirm Expectations

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1	10	3.8	3.9	3.9
	2	1	.4	.4	4.3
	3	4	1.5	1.6	5.8
	4	4	1.5	1.6	7.4
	5	50	19.2	19.5	26.6
	6	20	7.7	7.8	34.6
	7	28	10.8	10.9	45.5
	8	58	22.3	22.6	68.1
	9	28	10.8	10.9	79.0
	10	54	20.8	21.0	100.0
Don't know/Refused	99	3	1.2	Missing	
Total		260	100.0	100.0	

Mean 7.245

Valid cases 257 Missing cases 3

Q13 - Comparison to Ideal.

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1	11	4.2	4.4	4.4
	2	1	.4	.4	4.8
	3	7	2.7	2.8	7.6
	4	3	1.2	1.2	8.8
	5	29	11.2	11.6	20.5
	6	24	9.2	9.6	30.1
	7	30	11.5	12.0	42.2
	8	52	20.0	20.9	63.1
	9	28	10.8	11.2	74.3
	10	64	24.6	25.7	100.0
Don't know/Refused	99	11	4.2	Missing	
	Total	260	100.0	100.0	

Mean 7.442

Valid cases 249 Missing cases 11

Q14 - Complaints

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1	33	12.7	12.7	12.7
	2	227	87.3	87.3	100.0
	Total	260	100.0	100.0	

Valid cases 260 Missing cases 0

Q14A - Formal Complaints

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	0	3	1.2	9.1	9.1
	1	10	3.8	30.3	39.4
	2	4	1.5	12.1	51.5
	3	4	1.5	12.1	63.6
	4	3	1.2	9.1	72.7
	5	1	.4	3.0	75.8
	6	4	1.5	12.1	87.9
	9	1	.4	3.0	90.9
	12	1	.4	3.0	93.9
	20	1	.4	3.0	97.0
	24	1	.4	3.0	100.0
	.	227	87.3	Missing	
	Total	260	100.0	100.0	

Mean 4.121

Valid cases 33 Missing cases 227

Q14B - Complaints to Personnel

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	0	10	3.8	30.3	30.3
	1	8	3.1	24.2	54.5
	2	4	1.5	12.1	66.7
	3	2	.8	6.1	72.7
	4	1	.4	3.0	75.8
	5	1	.4	3.0	78.8
	6	4	1.5	12.1	90.9
	10	1	.4	3.0	93.9
	12	1	.4	3.0	97.0
	27	1	.4	3.0	100.0
	.	227	87.3	Missing	
	Total	260	100.0	100.0	

Mean 3.152

Valid cases 33 Missing cases 227

Q14C - Complaint Handling

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1	12	4.6	38.7	38.7
	2	4	1.5	12.9	51.6
	3	1	.4	3.2	54.8
	5	1	.4	3.2	58.1
	6	1	.4	3.2	61.3
	7	1	.4	3.2	64.5
	8	4	1.5	12.9	77.4
	9	3	1.2	9.7	87.1
	10	4	1.5	12.9	100.0
	.	227	87.3	Missing	
Don't know/Refused	99	2	.8	Missing	
	Total	260	100.0	100.0	

Mean 4.516

Valid cases 31 Missing cases 229

Q15 - Federal Retiree Trust/Confidence

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1	7	2.7	2.8	2.8
	2	3	1.2	1.2	4.0
	3	10	3.8	4.0	7.9
	4	2	.8	.8	8.7
	5	19	7.3	7.5	16.2
	6	17	6.5	6.7	22.9
	7	32	12.3	12.6	35.6
	8	50	19.2	19.8	55.3
	9	37	14.2	14.6	70.0
	10	76	29.2	30.0	100.0
Don't know/Refused	99	7	2.7	Missing	
	Total	260	100.0	100.0	

Mean 7.767

Valid cases 253 Missing cases 7

Q16 - Federal Retiree Trust/Advocacy

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1	17	6.5	6.7	6.7
	2	8	3.1	3.1	9.8
	3	7	2.7	2.8	12.6
	4	4	1.5	1.6	14.2
	5	26	10.0	10.2	24.4
	6	16	6.2	6.3	30.7
	7	27	10.4	10.6	41.3
	8	44	16.9	17.3	58.7
	9	28	10.8	11.0	69.7
	10	77	29.6	30.3	100.0
Don't know/Refused	99	6	2.3	Missing	
	Total	260	100.0	100.0	

Mean 7.319

Valid cases 254 Missing cases 6

Q17 - Current Satisfaction vs. 2 Years Ago

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	1	7	2.7	2.9	2.9
	2	2	.8	.8	3.8
	3	4	1.5	1.7	5.4
	4	2	.8	.8	6.3
	5	57	21.9	23.8	30.1
	6	14	5.4	5.9	36.0
	7	13	5.0	5.4	41.4
	8	40	15.4	16.7	58.2
	9	27	10.4	11.3	69.5
	10	73	28.1	30.5	100.0
Don't know/Refused	99	21	8.1	Missing	
	Total	260	100.0	100.0	

Mean 7.464

Valid cases 239 Missing cases 21

ACSI OPM 99

D1 - Age

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
	36	1	.4	.4	.4
	38	1	.4	.4	.8
	43	1	.4	.4	1.2
	51	2	.8	.8	1.9
	52	1	.4	.4	2.3
	53	2	.8	.8	3.1
	54	5	1.9	1.9	5.0
	55	6	2.3	2.3	7.3
	56	7	2.7	2.7	10.0
	57	6	2.3	2.3	12.3
	58	9	3.5	3.5	15.8
	59	7	2.7	2.7	18.5
	60	9	3.5	3.5	21.9
	61	13	5.0	5.0	26.9
	62	16	6.2	6.2	33.1
	63	17	6.5	6.5	39.6
	64	14	5.4	5.4	45.0
	65	20	7.7	7.7	52.7
	66	11	4.2	4.2	56.9
	67	8	3.1	3.1	60.0
	68	10	3.8	3.8	63.8
	69	13	5.0	5.0	68.8
	70	4	1.5	1.5	70.4
	71	13	5.0	5.0	75.4
	72	8	3.1	3.1	78.5
	73	7	2.7	2.7	81.2
	74	8	3.1	3.1	84.2
	75	12	4.6	4.6	88.8
	76	4	1.5	1.5	90.4
	77	3	1.2	1.2	91.5
	78	3	1.2	1.2	92.7
	79	2	.8	.8	93.5
	80	2	.8	.8	94.2
	81	4	1.5	1.5	95.8
	83	1	.4	.4	96.2
	85	2	.8	.8	96.9
	88	1	.4	.4	97.3
	89	1	.4	.4	97.7
Don't know	998	1	.4	.4	98.1
Refused	999	5	1.9	1.9	100.0
	Total	260	100.0	100.0	

Valid cases 260 Missing cases 0

ACSI OPM 99

D2 - Education

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
Less than high school	1	11	4.2	4.2	4.2
High school graduate	2	59	22.7	22.7	26.9
Some college or asso	3	102	39.2	39.2	66.2
College graduate	4	58	22.3	22.3	88.5
Post-Graduate	5	28	10.8	10.8	99.2
Refused	99	2	.8	.8	100.0
Total		260	100.0	100.0	

Valid cases 260 Missing cases 0

D3 - Hispanic, Latino, or Spanish Origin

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
Yes	1	7	2.7	2.7	2.7
No	2	252	96.9	96.9	99.6
Don't know	98	1	.4	.4	100.0
Total		260	100.0	100.0	

Valid cases 260 Missing cases 0

D401 - Race

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
White	1	220	84.6	84.6	84.6
Black/African Americ	2	24	9.2	9.2	93.8
American Indian/Alas	3	5	1.9	1.9	95.8
Asian	4	2	.8	.8	96.5
Native Hawaiian or o	5	1	.4	.4	96.9
(DO NOT READ) Other	6	4	1.5	1.5	98.5
Don't know	98	1	.4	.4	98.8
Refused	99	3	1.2	1.2	100.0
Total		260	100.0	100.0	

Valid cases 260 Missing cases 0

ACSI OPM 99

D402 - Race

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
Black/African Americ	2	1	.4	50.0	50.0
American Indian/Alas	3	1	.4	50.0	100.0
.	.	258	99.2	Missing	
Total		260	100.0	100.0	
Valid cases	2	Missing cases	258		

D403 - Race

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
American Indian/Alas	3	1	.4	100.0	100.0
.	.	259	99.6	Missing	
Total		260	100.0	100.0	
Valid cases	1	Missing cases	259		

D5 - Income

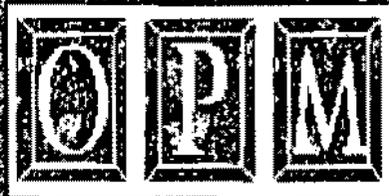
Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
Under \$20,000	1	19	7.3	7.3	7.3
\$20,000 but less tha	2	51	19.6	19.6	26.9
\$30,000 but less tha	3	55	21.2	21.2	48.1
40,000 but less than	4	61	23.5	23.5	71.5
\$60,000 but less tha	5	24	9.2	9.2	80.8
\$80,000 but less tha	6	8	3.1	3.1	83.8
\$100,000 or more	7	11	4.2	4.2	88.1
Don't know	98	13	5.0	5.0	93.1
Refused	99	10	6.9	6.9	100.0
Total		260	100.0	100.0	
Valid cases	260	Missing cases	0		

ACSI OPM 99

D6 - Gender

Value Label	Value	Frequency	Percent	Valid Percent	Cum Percent
Male	1	176	67.7	67.7	67.7
Female	2	84	32.3	32.3	100.0
	Total	260	100.0	100.0	
Valid cases	260	Missing cases	0		

Client Satisfaction Survey Results



Retirement and Insurance Service

Office of Systems, Finance & Administration
Budget & Administrative Services Division
Management Information Branch

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Background Information and Methodology

The purpose of the Client Satisfaction Survey is to determine the level of client satisfaction with OPM's services for employee and survivor annuitants for whom the Retirement and Insurance Service had processed a recent transaction. The areas covered by the survey include answering correspondence, handling telephone inquiries, processing of case transactions for both new and existing accounts, and the extent and quality of retirement counseling which the annuitants received from their former employing agencies. Only annuitants who had retired in the last two years were asked to complete the retirement counseling section.

Methodology: The Client Satisfaction Survey is administered annually by the Budget and Administrative Services Division in the Office of Systems, Finance, and Administration. In FY 2000, two surveys will be conducted; the first using a sample of transactions that occurred between October 1, 1999 and February 29, 2000, and the second for the period from March 1, 2000 through August 31, 2000. The first of the 2000 surveys was mailed to a random sample of 617 annuitants and survivor annuitants. We received responses from 410 of these customers for a response rate of 67%. The findings presented here have a confidence level of 95% and a margin of error (plus or minus) of 5%. Therefore, fluctuations in satisfaction levels compared to previous surveys are statistically meaningful when the change, either up or down, is greater than 5 percentage points. Given our sample size and response rate, we are 95% confident that the results of the Client Satisfaction Survey represent the opinions of all annuitants who had a transaction during the survey period.

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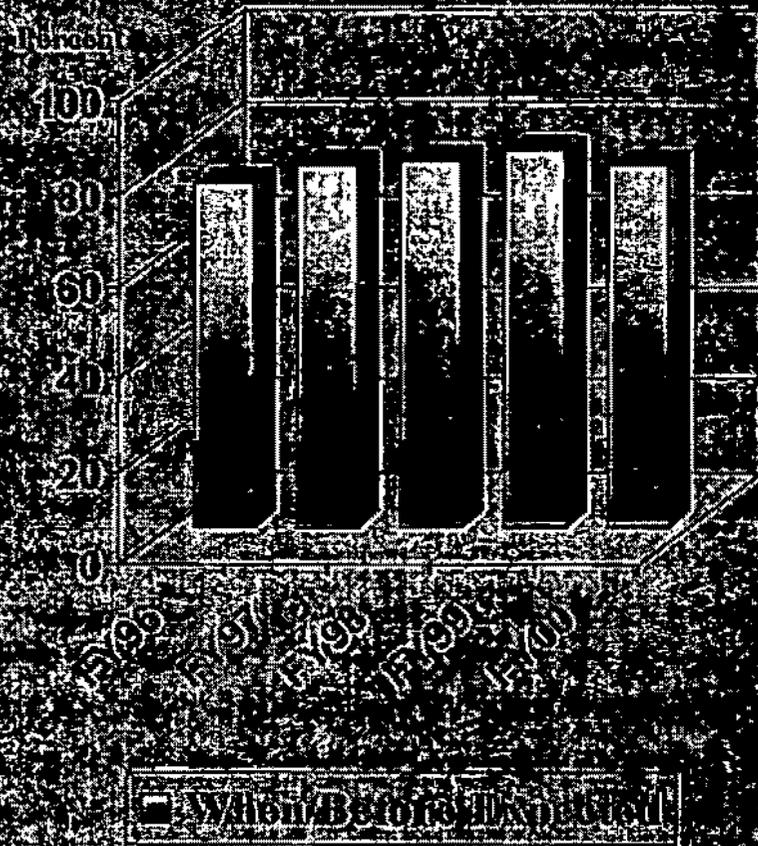
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Percent of New Customers Who Received First Payment When or Before Expected

Based on the responses from New Customers added to our rolls between 10/1/99 and 2/29/00, 78% said they received their first annuity payment either when or before they expected.

This is just below the FY 2000 target level of 80% and a 3 point, but statistically insignificant, drop from the 81% achieved in FY 1999.

Based on survey of 28 New Customer Results



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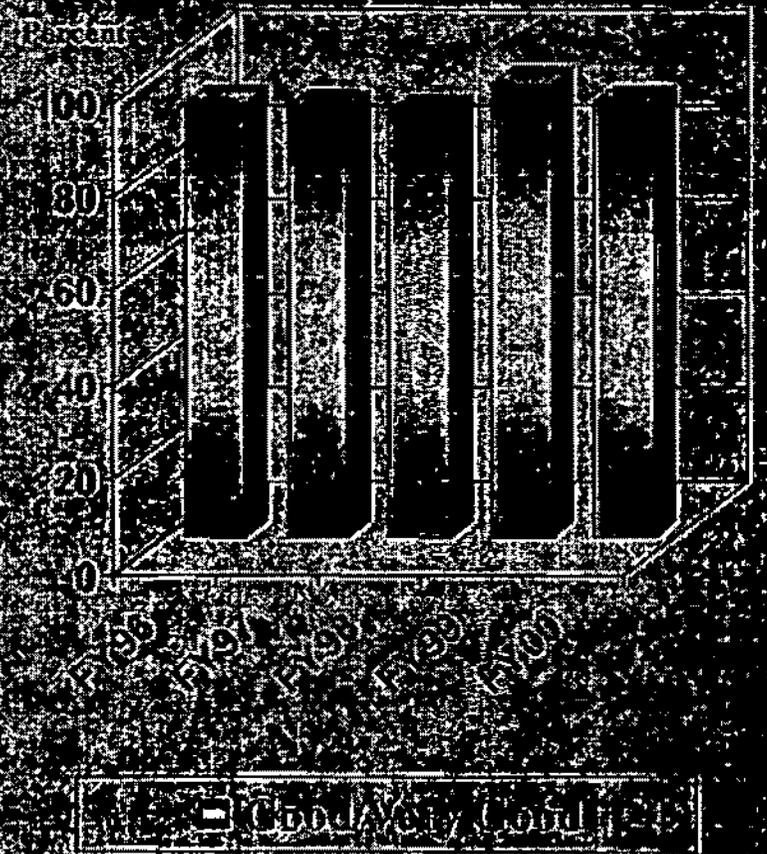
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Rating of OPM's Overall Service Since The Annuity Began

Based on responses from All Customers from the period from 10/1/99 through 02/29/00, the satisfaction with overall services since their annuity began decreased by 4 points in FY00 to 92%.

However, for New Customers, the satisfaction level was 93%, meeting the 90% target level in the FY2000 Performance plan.

2000 Client Satisfaction Survey Results, Q# 35.

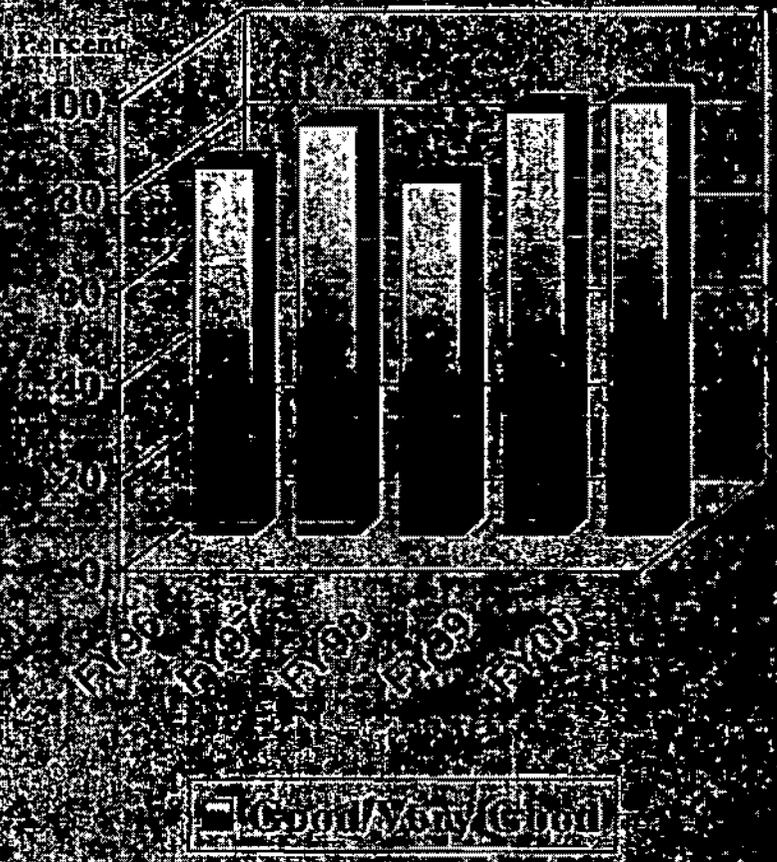


Overall Satisfaction With How OPM Handled Retirement Actions

92% of respondents (All Customers) said they were either very or generally satisfied with the recent transaction taken by RAS.

Respondents stated these transactions included IRB enrollment changes, direct deposit actions, and claims for retirement or survivor benefits.

2000 Client Satisfaction Survey Results, Q# 31



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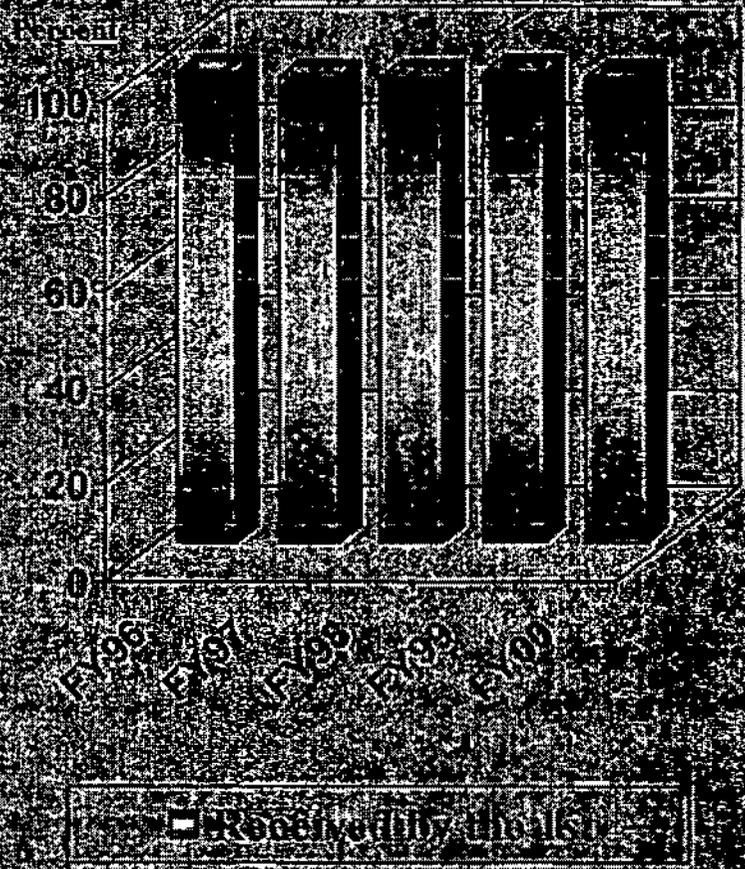
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Received Payment on 1st of Month

Based on responses from All Customers, 97% of retirement or survivor payments arrive by the 1st of the month.

2000 Client Satisfaction Survey Results, Q# 26



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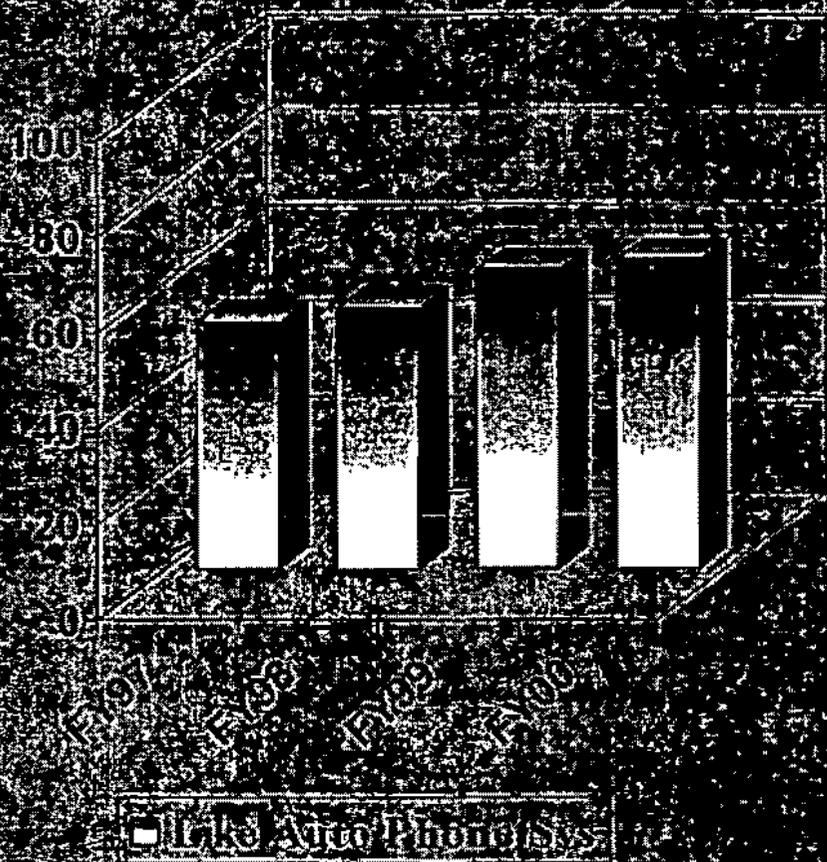
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Satisfaction with Automated Phone Service

Satisfaction with our automated phone service continued to climb in FY00 with 64% of our customers finding the system to their liking.

2000 Client Satisfaction Survey Results - Q1/00



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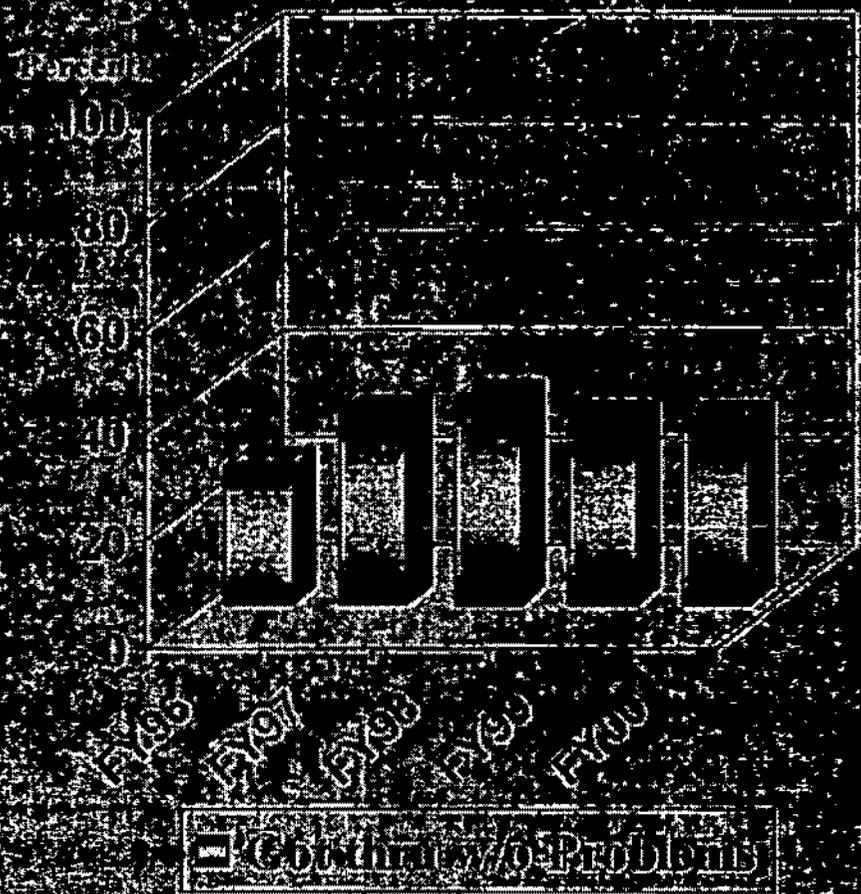
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Callers Getting Through Without Problems

55% of respondents say they got through to us by telephone without problems in FY00. Of those who encountered a problem getting through, 44% had to call several times, 33% were put on hold by the phone system, and 22% got a busy signal.

2000 Client Satisfaction Survey Results 07/13

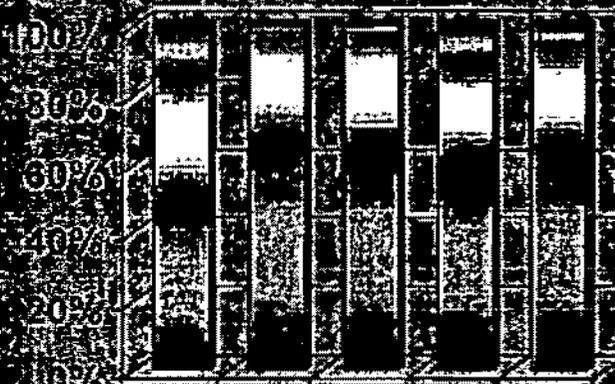


Times Dialed to Get Through

Based on responses from All Customers, 57% are getting through on the first or second call. While this percentage has remained steady since FY97, it does raise the question of whether or not this level of service can be maintained if call volumes were to increase in future years.

2000 Client Satisfaction Survey Results, 07/19/00

Percent



- Never Got Through
- Three or More Calls
- First or Second Call

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Telephone Services

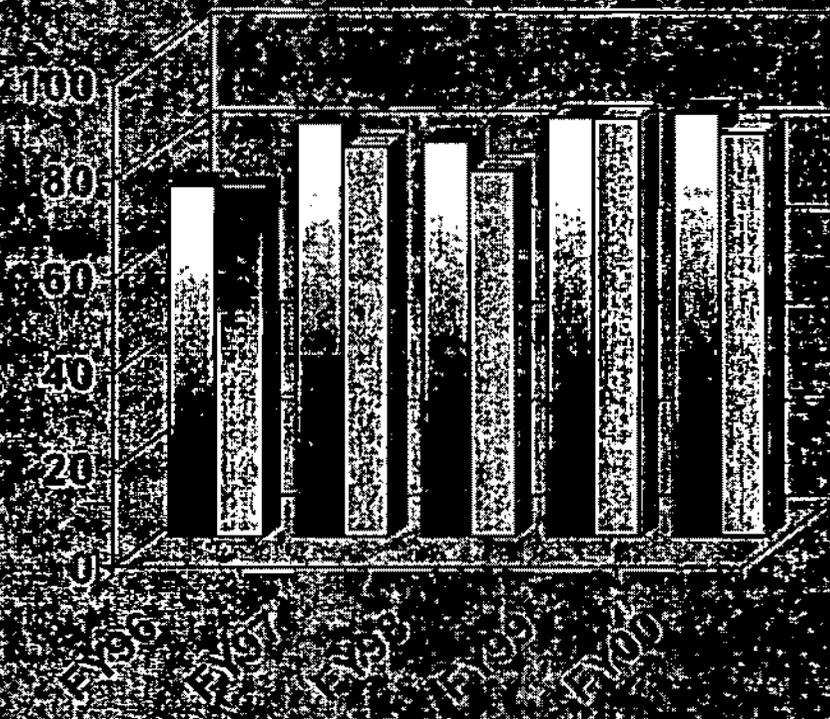
Resolving Problems and Timeliness

Survey results for the sample period from 10/1/99 through 02/29/00 indicate that customer satisfaction with resolving problems by phone remains strong.

Overall satisfaction with how problem was handled by telephone was 88%.

Satisfaction with how timely a manner problems were handled fell from 88% in 1999 by 4 points to 84%.

2000 Client Satisfaction Survey Results
Q's 23 and 24



■ % Satisfied w/ Resolving Problems
□ % Satisfied w/ Timeliness

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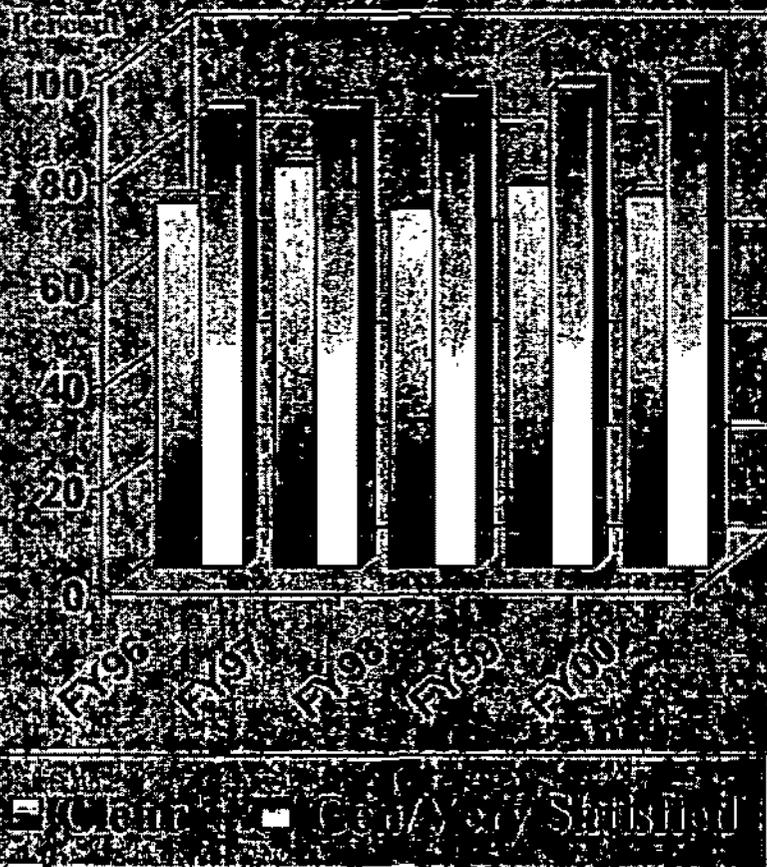
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Clarity of Responses and Courtesy of Employees Handling Telephone Calls

Customer satisfaction with the clarity of telephone responses fell 2 points from FY99 to 72%

However, 94% of respondents indicated that phone calls were handled in a generally courteous or very courteous manner.

2000 Client Satisfaction Survey Results, Q#21 and Q#22



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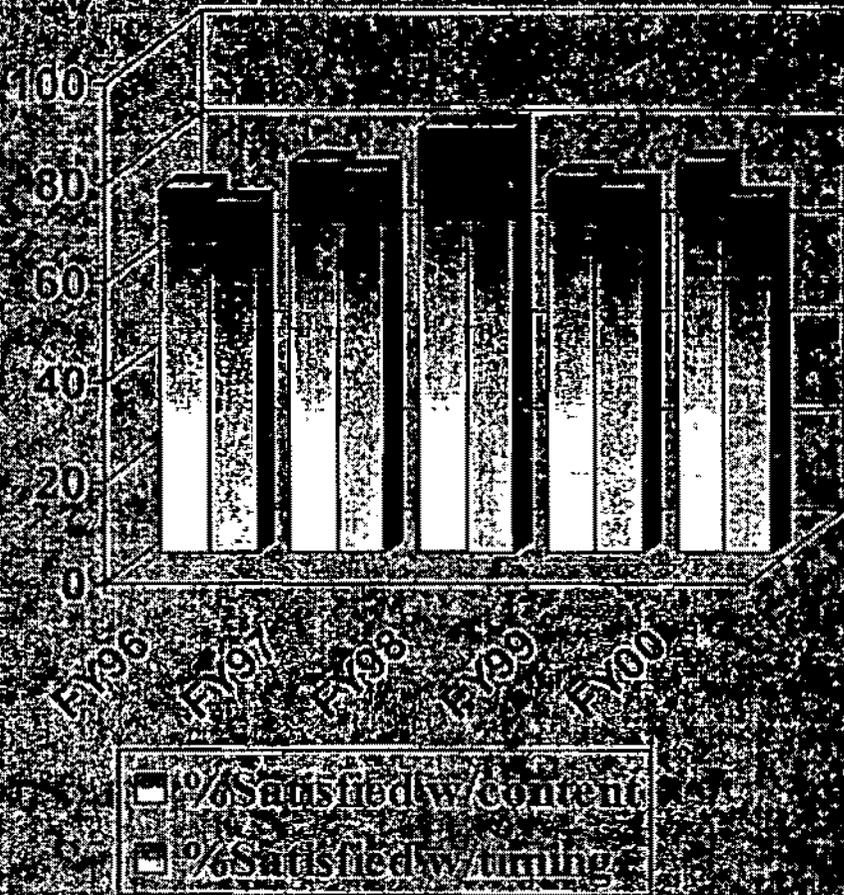
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Overall Satisfaction with Content & Timeliness of Written Responses

- Satisfaction with the content and timeliness of written responses (All Customers) has changed little from FY99.
- Satisfaction with the content of written responses rose 3 points to 78%, while satisfaction with timeliness fell 2 points to 71%.
- 2000 Client Satisfaction Survey Results, Q's 5 and 6



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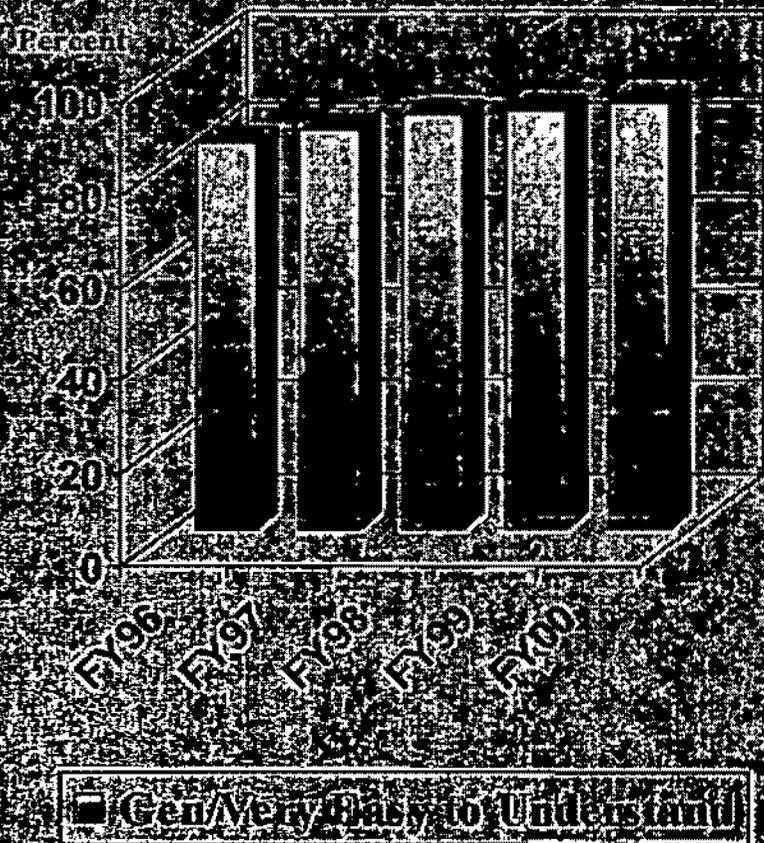
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Understandability of Informational Materials

92% of respondents (All Customers) indicated that OPM notices and informational materials are either generally easy or very easy to understand.

2000 Client Satisfaction Survey Results, Q#77



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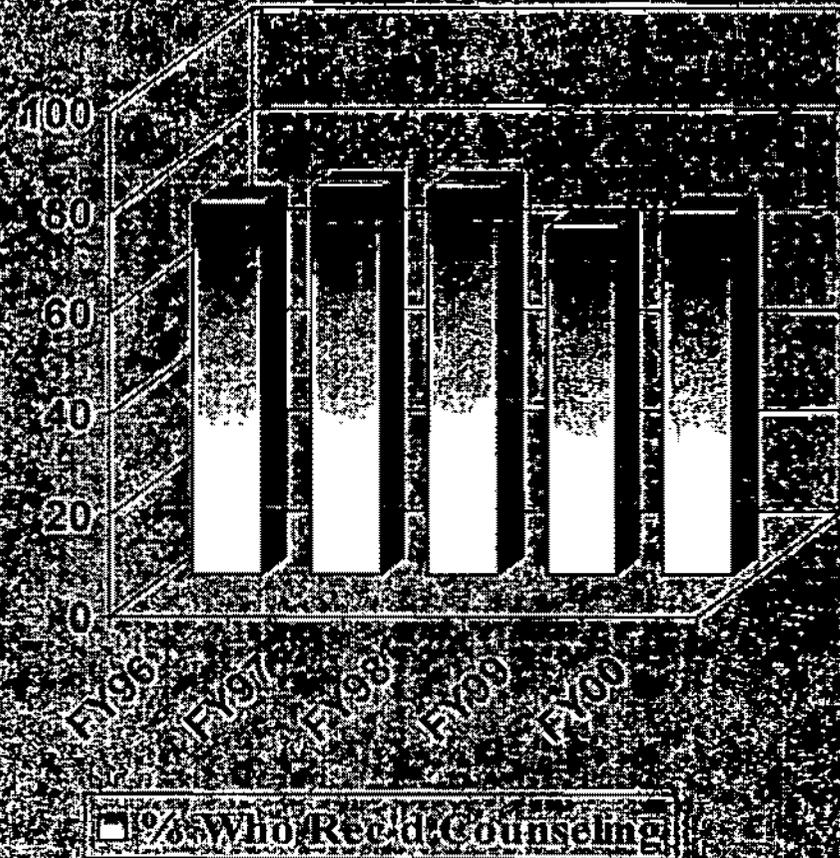
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Retirement Counseling Received From Employing Agency

- 71% of New Customers indicated they had received retirement counseling. This indicator may have declined in FY99 and FY00 because customers are doing more "self counseling." (See Survey Q# 57)
- 82% said the counseling was performed by their agency.
- 2000 Client Satisfaction Survey Results, Q# 48 and Q# 50



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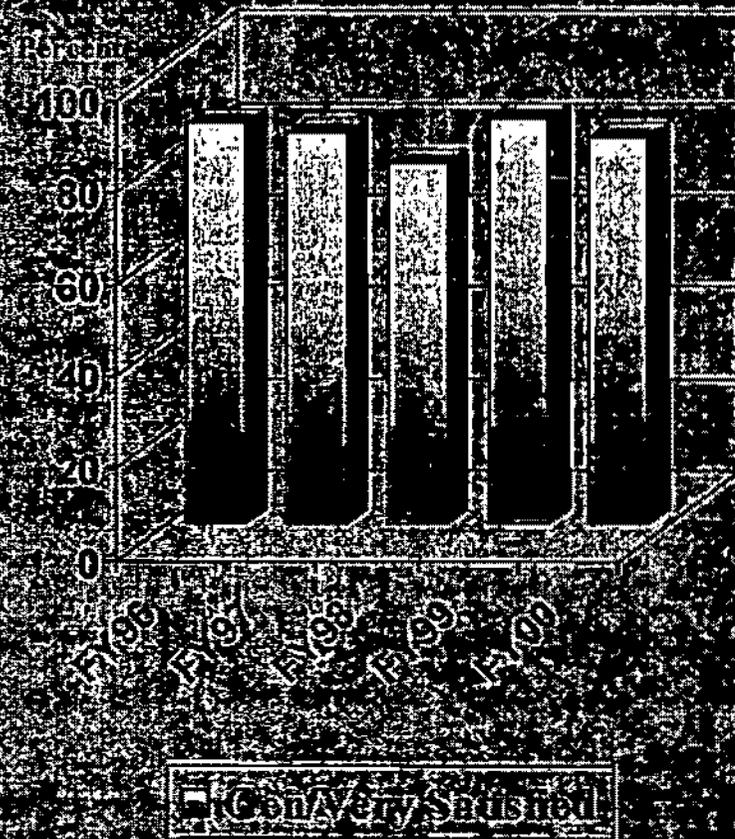
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Satisfaction With Accuracy & Currency of Agency's Counseling Information

Falling 4 points from from
FY99, 84% of New
Customer said the
counseling they received
from their agencies was
accurate and up-to-date.

2000 Client Satisfaction Survey
Results Q#53



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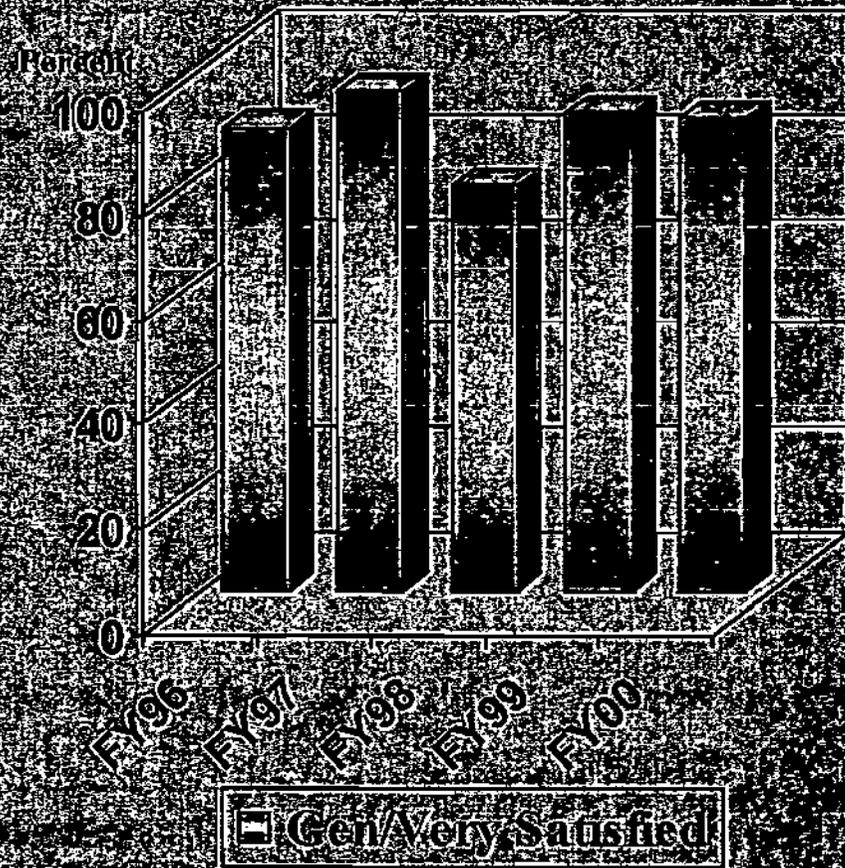
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Satisfaction With Employing Agency's Assistance in Applying for Benefits

- Returning to the high levels observed in FY's 96, 97 & 99, 91% of New Customers were satisfied with the assistance they received from their agencies in taking appropriate actions (such as submitting retirement forms and making decisions about health and life insurance) and learning what to expect after they retired (such as how long it would take to get an annuity)
- 2000 Client Satisfaction Survey Results, Q# 54



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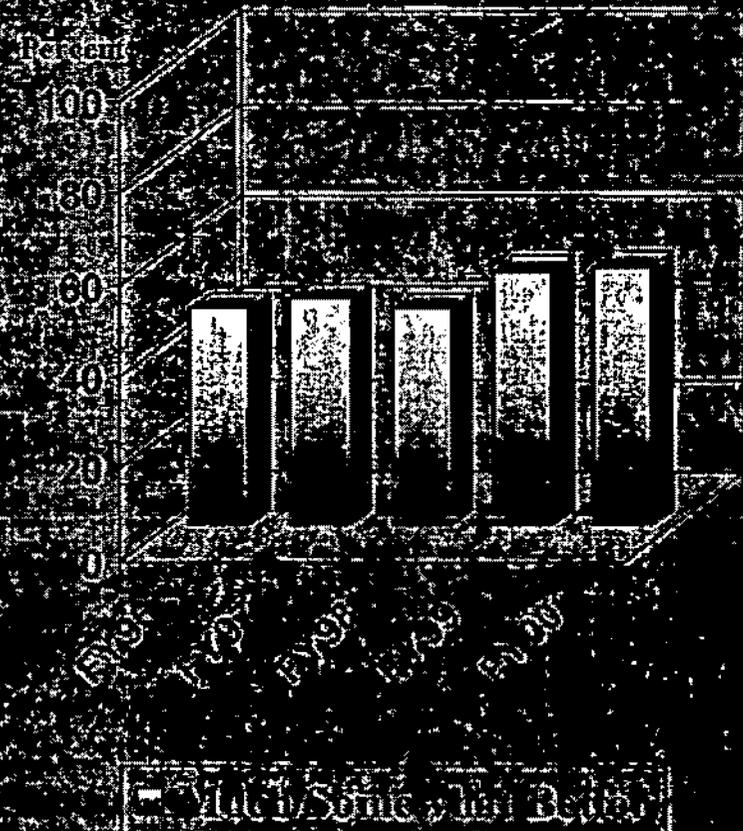
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OPM Service Better Than Others

Continuing the improvement first seen in FY99, 56% of All Customers rated OPM's service Much or Somewhat Better than the service they received from other federal, State or Local government agencies. 2000 Client Satisfaction Survey Results, Q1/00.



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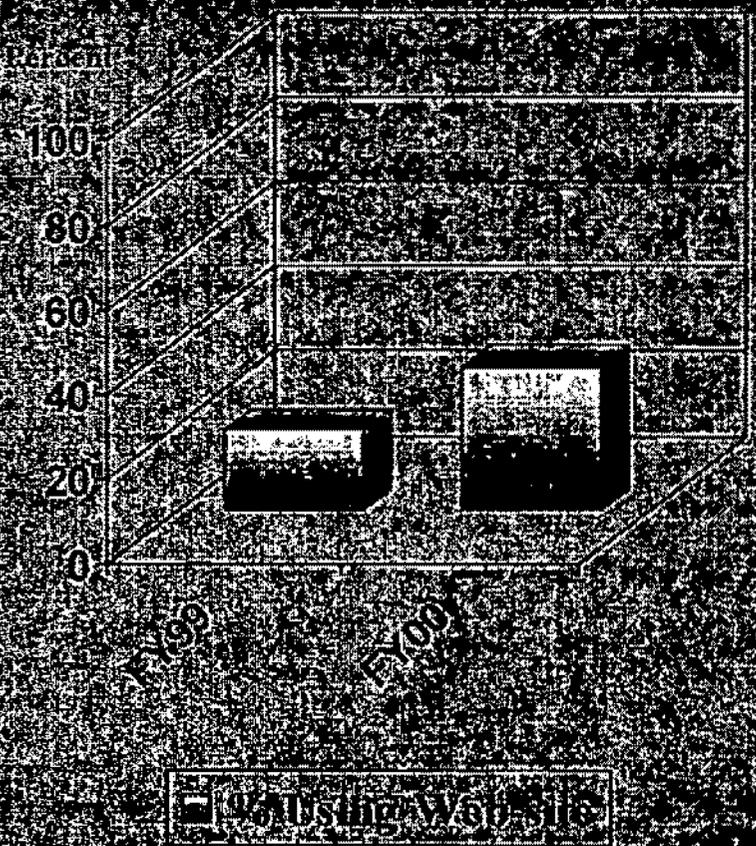
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Annuitants Who Accessed OPM Web Site

Use of the OPM Web site by our customers almost doubled from FY99, 34% of our customers reported using the site in FY00. Increased use of this site could explain why customers seeking retirement counseling from their agencies has fallen off in the last two years. Customers may be doing more "self-counseling" on the OPM web site.

2000 Client Satisfaction Survey Results, Q/40



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One Hundred Fifth Congress of The United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Tuesday, the twenty-seventh day of January, One Thousand, nine hundred and ninety-eight!

AN ACT

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

[DOCID: f:h1836enr.txt]
H.R.1836

One Hundred Fifth Congress

of the

United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Tuesday,
the twenty-seventh day of January, one thousand nine hundred and ninety-
eight

An Act

To amend chapter 89 of title 5, United States Code, to improve administration of sanctions against unfit health care providers under the Federal Employees Health Benefits Program, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Employees Health Care Protection Act of 1998".

SEC. 2. DEBARMENT AND OTHER SANCTIONS.

(a) Amendments.--Section 8902a of title 5, United States Code, is amended--

(1) in subsection (a)--

(A) in paragraph (1)--

(i) by striking "and" at the end of subparagraph (B);

(ii) by striking the period at the end of subparagraph

(C) and inserting "; and"; and

(iii) by adding at the end the following:

"(D) the term 'should know' means that a person, with respect to information, acts in deliberate ignorance of, or in reckless disregard of, the truth or falsity of the information, and no proof of specific intent to defraud is required;" and

(B) in paragraph (2)(A), by striking "subsection (b) or (c)" and inserting "subsection (b), (c), or (d)";

(2) in subsection (b)--

(A) by striking "The Office of Personnel Management may bar" and inserting "The Office of Personnel Management shall bar"; and

(B) by amending paragraph (5) to read as follows:

"(5) Any provider that is currently debarred, suspended, or otherwise excluded from any procurement or nonprocurement activity (within the meaning of section 2455 of the Federal Acquisition Streamlining Act of 1994).";

(3) by redesignating subsections (c) through (i) as subsections (d) through (j), respectively, and by inserting after subsection (b) the following:

"(c) The Office may bar the following providers of health care services from participating in the program under this chapter:

"(1) Any provider--

"(A) whose license to provide health care services or supplies has been revoked, suspended, restricted, or not renewed, by a State licensing authority for reasons relating to the provider's professional competence, professional performance, or financial integrity; or

"(B) that surrendered such a license while a formal disciplinary proceeding was pending before such an authority, if the proceeding concerned the provider's professional competence, professional performance, or financial integrity.

"(2) Any provider that is an entity directly or indirectly owned, or with a control interest of 5 percent or more held, by an individual who has been convicted of any offense described in subsection (b), against whom a civil monetary penalty has been assessed under subsection (d), or who has been debarred from participation under this chapter.

"(3) Any individual who directly or indirectly owns or has a control interest in a sanctioned entity and who knows or should know of the action constituting the basis for the entity's conviction of any offense described in subsection (b), assessment with a civil monetary penalty under subsection (d), or debarment from participation under this chapter.

"(4) Any provider that the Office determines, in connection with claims presented under this chapter, has charged for health care services or supplies in an amount substantially in excess of such provider's customary charge for such services or supplies (unless the Office finds there is good cause for such charge), or charged for health care services or supplies which are substantially in excess of the needs of the covered individual or which are of a quality that fails to meet professionally recognized standards for such services or supplies.

"(5) Any provider that the Office determines has committed acts described in subsection (d).

Any determination under paragraph (4) relating to whether a charge for health care services or supplies is substantially in excess of the needs of the covered individual shall be made by trained reviewers

based on written medical protocols developed by physicians. In the event such a determination cannot be made based on such protocols, a physician in an appropriate specialty shall be consulted.";

(4) in subsection (d) (as so redesignated by paragraph (3)) by amending paragraph (1) to read as follows:

"(1) in connection with claims presented under this chapter, that a provider has charged for a health care service or supply which the provider knows or should have known involves--

"(A) an item or service not provided as claimed;

"(B) charges in violation of applicable charge limitations under section 8904(b); or

"(C) an item or service furnished during a period in which the provider was debarred from participation under this chapter pursuant to a determination by the Office under this section, other than as permitted under subsection (g)(2)(B).";

(5) in subsection (f) (as so redesignated by paragraph (3)) by inserting after "under this section" the first place it appears the following: "(where such debarment is not mandatory).";

(6) in subsection (g) (as so redesignated by paragraph (3))--

(A) by striking "(g)(1)" and all that follows through the end of paragraph (1) and inserting the following:

"(g)(1)(A) Except as provided in subparagraph (B), debarment of a provider under subsection (b) or (c) shall be effective at such time and upon such reasonable notice to such provider, and to carriers and covered individuals, as shall be specified in regulations prescribed by the Office. Any such provider that is debarred from participation may request a hearing in accordance with subsection (h)(1).

"(B) Unless the Office determines that the health or safety of individuals receiving health care services warrants an earlier effective date, the Office shall not make a determination adverse to a provider under subsection (c)(5) or (d) until such provider has been given reasonable notice and an opportunity for the determination to be made after a hearing as provided in accordance with subsection (h)(1).";

(B) in paragraph (3)--

(i) by inserting "of debarment" after "notice"; and

(ii) by adding at the end the following: "In the case of a debarment under paragraph (1), (2), (3), or (4) of subsection (b), the minimum period of debarment shall not be less than 3 years, except as provided in paragraph (4)(B)(ii).";

(C) in paragraph (4)(B)(i)(I) by striking "subsection (b) or (c)" and inserting "subsection (b), (c), or (d)"; and

(D) by striking paragraph (6);

(7) in subsection (h) (as so redesignated by paragraph (3)) by striking "(h)(1)" and all that follows through the end of paragraph (2) and inserting the following:

"(h)(1) Any provider of health care services or supplies that is the subject of an adverse determination by the Office under this section shall be entitled to reasonable notice and an opportunity to request a hearing of record, and to judicial review as provided in this subsection after the Office renders a final decision. The Office shall grant a request for a hearing upon a showing that due process rights have not previously been afforded with respect to any finding of fact which is relied upon as a cause for an adverse determination under this section. Such hearing shall be conducted without regard to subchapter II of chapter 5 and chapter 7 of this title by a hearing officer who shall be designated by the Director of the Office and who shall not otherwise have been involved in the adverse determination being appealed. A request for a hearing under this subsection shall be filed within such period and in accordance with such procedures as the Office shall prescribe by regulation.

"(2) Any provider adversely affected by a final decision under paragraph (1) made after a hearing to which such provider was a party

may seek review of such decision in the United States District Court for the District of Columbia or for the district in which the plaintiff resides or has his or her principal place of business by filing a notice of appeal in such court within 60 days after the date the decision is issued, and by simultaneously sending copies of such notice by certified mail to the Director of the Office and to the Attorney General. In answer to the appeal, the Director of the Office shall promptly file in such court a certified copy of the transcript of the record, if the Office conducted a hearing, and other evidence upon which the findings and decision complained of are based. The court shall have power to enter, upon the pleadings and evidence of record, a judgment affirming, modifying, or setting aside, in whole or in part, the decision of the Office, with or without remanding the case for a rehearing. The district court shall not set aside or remand the decision of the Office unless there is not substantial evidence on the record, taken as whole, to support the findings by the Office of a cause for action under this section or unless action taken by the Office constitutes an abuse of discretion."; and

(8) in subsection (i) (as so redesignated by paragraph (3))--

(A) by striking "subsection (c)" and inserting "subsection (d)"; and

(B) by adding at the end the following: "The amount of a penalty or assessment as finally determined by the Office, or other amount the Office may agree to in compromise, may be deducted from any sum then or later owing by the United States to the party against whom the penalty or assessment has been levied.".

(b) Effective Date.--

(1) In general.--Except as provided in paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) Exceptions.--(A) Paragraphs (2), (3), and (5) of section 8902a(c) of title 5, United States Code, as amended by subsection (a)(3), shall apply only to the extent that the misconduct which is the basis for debarment under paragraph (2), (3), or (5), as applicable, occurs after the date of the enactment of this Act.

(B) Paragraph (1)(B) of section 8902a(d) of title 5, United States Code, as amended by subsection (a)(4), shall apply only with respect to charges which violate section 8904(b) of such title for items or services furnished after the date of the enactment of this Act.

(C) Paragraph (3) of section 8902a(g) of title 5, United States Code, as amended by subsection (a)(6)(B), shall apply only with respect to debarments based on convictions occurring after the date of the enactment of this Act.

SEC. 3. MISCELLANEOUS AMENDMENTS RELATING TO THE HEALTH BENEFITS PROGRAM FOR FEDERAL EMPLOYEES.

(a) Definition of a Carrier.--Paragraph (7) of section 8901 of title 5, United States Code, is amended by striking "organization;" and inserting "organization and an association of organizations or other entities described in this paragraph sponsoring a health benefits plan;".

(b) Service Benefit Plan.--Paragraph (1) of section 8903 of title 5, United States Code, is amended by striking "plan," and inserting "plan, which may be underwritten by participating affiliates licensed in any number of States,".

(c) Preemption.--Section 8902(m) of title 5, United States Code, is amended by striking "(m)(1)" and all that follows through the end of paragraph (1) and inserting the following:

"(m)(1) The terms of any contract under this chapter which relate to the nature, provision, or extent of coverage or benefits (including payments with respect to benefits) shall supersede and preempt any

State or local law, or any regulation issued thereunder, which relates to health insurance or plans."

SEC. 4. CONTINUED HEALTH INSURANCE COVERAGE FOR CERTAIN INDIVIDUALS.

(a) Enrollment in Chapter 89 Plan.--For purposes of chapter 89 of title 5, United States Code, any period of enrollment--

(1) in a health benefits plan administered by the Federal Deposit Insurance Corporation before the termination of such plan on or before January 2, 1999; or

(2) subject to subsection (c), in a health benefits plan (not under chapter 89 of such title) with respect to which the eligibility of any employees or retired employees of the Board of Governors of the Federal Reserve System terminates on or before January 2, 1999,

shall be deemed to be a period of enrollment in a health benefits plan under chapter 89 of such title.

(b) Continued Coverage.--(1) Subject to subsection (c), any individual who, on or before January 2, 1999, is enrolled in a health benefits plan described in subsection (a)(1) or (2) may enroll in an approved health benefits plan under chapter 89 of title 5, United States Code, either as an individual or for self and family, if, after taking into account the provisions of subsection (a), such individual--

(A) meets the requirements of such chapter for eligibility to become so enrolled as an employee, annuitant, or former spouse (within the meaning of such chapter); or

(B) would meet those requirements if, to the extent such requirements involve either retirement system under such title 5, such individual satisfies similar requirements or provisions of the Retirement Plan for Employees of the Federal Reserve System.

Any determination under subparagraph (B) shall be made under guidelines which the Office of Personnel Management shall establish in consultation with the Board of Governors of the Federal Reserve System.

(2) Subject to subsection (c), any individual who, on or before January 2, 1999, is entitled to continued coverage under a health benefits plan described in subsection (a)(1) or (2) shall be deemed to be entitled to continued coverage under section 8905a of title 5, United States Code, but only for the same remaining period as would have been allowable under the health benefits plan in which such individual was enrolled on or before January 2, 1999, if--

(A) such individual had remained enrolled in such plan; and

(B) such plan did not terminate, or the eligibility of such individual with respect to such plan did not terminate, as described in subsection (a).

(3) Subject to subsection (c), any individual (other than an individual under paragraph (2)) who, on or before January 2, 1999, is covered under a health benefits plan described in subsection (a)(1) or (2) as an unmarried dependent child, but who does not then qualify for coverage under chapter 89 of title 5, United States Code, as a family member (within the meaning of such chapter) shall be deemed to be entitled to continued coverage under section 8905a of such title, to the same extent and in the same manner as if such individual had, on or before January 2, 1999, ceased to meet the requirements for being considered an unmarried dependent child of an enrollee under such chapter.

(4) Coverage under chapter 89 of title 5, United States Code, pursuant to an enrollment under this section shall become effective on January 3, 1999 or such earlier date as established by the Office of Personnel Management after consultation with the Federal Deposit Insurance Corporation or the Board of Governors of the Federal Reserve System, as appropriate.

(c) Eligibility for FEHBP Limited to Individuals Losing Eligibility Under Former Health Plan.--Nothing in subsection (a)(2) or any paragraph of subsection (b) (to the extent such paragraph relates to

the plan described in subsection (a)(2)) shall be considered to apply with respect to any individual whose eligibility for coverage under such plan does not involuntarily terminate on or before January 2, 1999.

(d) Transfers to the Employees Health Benefits Fund.--The Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System shall transfer to the Employees Health Benefits Fund under section 8909 of title 5, United States Code, amounts determined by the Director of the Office of Personnel Management, after consultation with the Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System, to be necessary to reimburse the Fund for the cost of providing benefits under this section not otherwise paid for by the individuals covered by this section. The amounts so transferred shall be held in the Fund and used by the Office of Personnel Management in addition to amounts available under section 8906(g)(1) of such title.

(e) Administration and Regulations.--The Office of Personnel Management--

(1) shall administer the provisions of this section to provide for--

(A) a period of notice and open enrollment for individuals affected by this section; and

(B) no lapse of health coverage for individuals who enroll in a health benefits plan under chapter 89 of title 5, United States Code, in accordance with this section; and

(2) may prescribe regulations to implement this section.

SEC. 5. FULL DISCLOSURE IN HEALTH PLAN CONTRACTS.

The Office of Personnel Management shall encourage carriers offering health benefits plans described by section 8903 or section 8903a of title 5, United States Code, with respect to contractual arrangements made by such carriers with any person for purposes of obtaining discounts from providers for health care services or supplies furnished to individuals enrolled in such plan, to seek assurance that the conditions for such discounts are fully disclosed to the providers who grant them.

SEC. 6. PROVISIONS RELATING TO CERTAIN PLANS THAT HAVE DISCONTINUED THEIR PARTICIPATION IN FEHBP.

(a) Authority to Readmit.--

(1) In general.--Chapter 89 of title 5, United States Code, is amended by inserting after section 8903a the following:

"Sec. 8903b. Authority to readmit an employee organization plan

"(a) In the event that a plan described by section 8903(3) or 8903a is discontinued under this chapter (other than in the circumstance described in section 8909(d)), that discontinuation shall be disregarded, for purposes of any determination as to that plan's eligibility to be considered an approved plan under this chapter, but only for purposes of any contract year later than the third contract year beginning after such plan is so discontinued.

"(b) A contract for a plan approved under this section shall require the carrier--

"(1) to demonstrate experience in service delivery within a managed care system (including provider networks) throughout the United States; and

"(2) if the carrier involved would not otherwise be subject to the requirement set forth in section 8903a(c)(1), to satisfy such requirement."

(2) Conforming amendment.--The analysis for chapter 89 of title 5, United States Code, is amended by inserting after the item

relating to section 8903a the following:

"8903b. Authority to readmit an employee organization plan."

(3) Applicability.--

(A) In general.--The amendments made by this subsection shall apply as of the date of the enactment of this Act, including with respect to any plan which has been discontinued as of such date.

(B) Transition rule.--For purposes of applying section 8903b(a) of title 5, United States Code (as amended by this subsection) with respect to any plan seeking to be readmitted for purposes of any contract year beginning before January 1, 2000, such section shall be applied by substituting "second contract year" for "third contract year".

(b) Treatment of the Contingency Reserve of a Discontinued Plan.--

(1) In general.--Subsection (e) of section 8909 of title 5, United States Code, is amended by striking "(e)" and inserting "(e)(1)" and by adding at the end the following:

"(2) Any crediting required under paragraph (1) pursuant to the discontinuation of any plan under this chapter shall be completed by the end of the second contract year beginning after such plan is so discontinued.

"(3) The Office shall prescribe regulations in accordance with which this subsection shall be applied in the case of any plan which is discontinued before being credited with the full amount to which it would otherwise be entitled based on the discontinuation of any other plan."

(2) Transition rule.--In the case of any amounts remaining as of the date of the enactment of this Act in the contingency reserve of a discontinued plan, such amounts shall be disposed of in accordance with section 8909(e) of title 5, United States Code, as amended by this subsection, by--

(A) the deadline set forth in section 8909(e) of such title (as so amended); or

(B) if later, the end of the 6-month period beginning on such date of enactment.

SEC. 7. MAXIMUM PHYSICIANS COMPARABILITY ALLOWANCE PAYABLE.

(a) In General.--Paragraph (2) of section 5948(a) of title 5, United States Code, is amended by striking "\$20,000" and inserting "\$30,000".

(b) Authority to Modify Existing Agreements.--

(1) In general.--Any service agreement under section 5948 of title 5, United States Code, which is in effect on the date of the enactment of this Act may, with respect to any period of service remaining in such agreement, be modified based on the amendment made by subsection (a).

(2) Limitation.--A modification taking effect under this subsection in any year shall not cause an allowance to be increased to a rate which, if applied throughout such year, would cause the limitation under section 5948(a)(2) of such title (as amended by this section), or any other applicable limitation, to be exceeded.

(c) Rule of Construction.--Nothing in this section shall be considered to authorize additional or supplemental appropriations for the fiscal year in which occurs the date of the enactment of this Act.

SEC. 8. CLARIFICATION RELATING TO SECTION 8902(K).

Section 8902(k) of title 5, United States Code, is amended--

(1) by redesignating paragraph (2) as paragraph (3); and

(2) by inserting after paragraph (1) the following:

"(2) Nothing in this subsection shall be considered to preclude a health benefits plan from providing direct access or direct payment or

reimbursement to a provider in a health care practice or profession other than a practice or profession listed in paragraph (1), if such provider is licensed or certified as such under Federal or State law."

Speaker of the House of Representatives.
Vice President of the United States and
President of the Senate.

LEGISLATIVE HISTORY

Approved October 19, 1998.

This public law originated with: H.R. 1836.

HOUSE REPORTS:No. 105-364, Pt. 1 (Comm. on Ways and Means)

No. 105-599 (Comm. of Conference).

SENATE REPORTS: No. 105-231 (Comm. on Energy and Natural Resources).

CONGRESSIONAL RECORD:

Vol. 143 (1997): Nov. 5, considered and passed House.

Vol. 144 (1998): May 4-7, considered and passed Senate, amended.

June 25, House agreed to conference report.

July 7-9, Senate considered and agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 34 (1998): July 22, Presidential remarks.

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