



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

November 13, 2023

Memorandum For Krista A. Boyd
Inspector General

From: Kiran A. Ahuja
Director

A handwritten signature in black ink that reads "Kiran A. Ahuja".

Subject: Agency Comments on the OIG Report – “The U.S. Office of Personnel Management’s Top Management Challenges for Fiscal Year 2024,” dated October 11, 2023

Thank you for your Fiscal Year (FY) 2024 report on the top management challenges facing OPM. Many of the challenges are complex and long-standing. However, OPM leadership is committed to strategically prioritizing resources and activities to address the challenges incrementally until resolved. Resolving the top challenges will require receiving multi-year investments in both information technology (IT) modernizations and upgrades, obtaining key staffing resources, and changing long-standing policies, procedures, and programs that exist both within and outside of OPM. Agency leadership will continue to engage with the Office of the Inspector General (OIG) as corrective actions are implemented to address the top management challenges.

Challenge 1: Financial Integrity of the OPM Administered Trust Funds

Federal Employee Health Benefit (FEHB) Program

The FEHB Program is the largest employer-sponsored group health insurance program in the world, covering approximately 8.2 million people including employees, annuitants, and their eligible family members, as well as some former spouses and former employees. The FEHB Program offers fee-for-service plans, Health Maintenance Organizations (HMOs), and plans offering a Point of Service (POS) product. We understand the importance of providing strong employee benefits to retain and recruit Federal employees and are proud to administer this program to current and former civil servants and family members.

OPM, Federal agencies, and health insurance Carriers all play a significant role in implementing the FEHBP. We are continually working to improve the Program, including by keeping abreast of advances in medicine and health care delivery and by

offering benefits that help us compete with other large employers. We do this while focusing on improving value, promoting quality and affordability, and maintaining Program stability.

Prescription Drug Benefits and Costs. OPM has a long-term, multi-pronged strategy to manage prescription drug costs while maintaining overall Program value and effectiveness. The key elements of this strategy include:

- ongoing guidance to Carriers on prudent management of the drug benefit;
- flow down transparency standards for Carriers to apply to contracts with pharmacy benefit managers (PBM);
- requirements that FEHB plans provide member-facing tools that display drug formulary pricing in a clear and accessible manner; and,
- much closer integration of the pharmacy benefit with Medicare through widespread adoption of Employer Group Waiver Plans (EGWPs), which will have a transformative effect on the integration of the FEHB and Medicare drug benefit.

OPM continues to provide detailed guidance on pharmacy benefits in Carrier Letters (e.g., Carrier Letters [2022-03](#) and [2023-02](#)). This includes formulary and benefit design strategies, drug coverage parameters, and medication management programs that Carriers must have in place. Guidance focused on pharmacy benefits is consolidated in a regularly updated Carrier Letter to keep Carriers informed of any pertinent updates and improve compliance. The most recent Pharmacy Benefits Consolidated Carrier Letter was issued in February 2023, Carrier Letter [2023-03](#).

The FEHB Program has flow-down PBM transparency standards in its Carrier contracts that guide how drug discounts, rebates, administrative fees, or other financial terms with PBMs are negotiated by FEHB Carriers. OPM continuously reviews and updates the PBM transparency standards in its Carrier contracts to reflect ongoing changes in the pharmacy benefit landscape. Since 2016, OPM has required FEHB Carriers to provide effective and up-to-date drug cost calculators and transparency tools to benefit members and help control costs. Most recently, in Carrier Letter 2023-03, OPM required FEHB Carriers to maintain updated formularies that are online and easily accessible to members. FEHB Carriers are also required to employ drug cost calculators that are accurate, intuitive, easy to navigate, and member friendly. The calculators must display pricing information, utilization management edits (e.g., prior authorizations and step therapies), pricing for brand and generic alternatives, listings of formulary alternatives, and pricing across pharmacy networks.

In addition, Carrier Letter 2023-02 encourages FEHB Carriers to provide benefits that maximize value to enrolled individuals under FEHB and Medicare by offering Employer Group Waiver Plans (EGWPs), including prescription drug plan (PDP) EGWPs, to their eligible FEHB Program members. In 2024, 45 FEHB plans will offer 69 plan options that include Medicare EGWPs, resulting in the majority of Medicare-eligible FEHB enrollees being able to take advantage of the drug savings introduced by the Inflation Reduction Act.

OPM frequently engages with renowned experts on various subjects, including a PBM auditing expert who addressed FEHB Carriers at the recent 2023 FEHB Carrier Conference and highlighted the importance of monitoring and auditing PBM contracts.

OPM acknowledges the recommendation by the OIG in its FEHBP Prescription Drug Benefit Costs Management Advisory Report to OPM's Director on February 27, 2020, to conduct an updated, comprehensive prescription drug study. We support the concept of a study and are pursuing the means to accomplish it.

However, regarding the OIG's assertion that FEHB drug costs as a proportion of overall medical spending are out of line with industry norms, we have two fundamental concerns with comparing FEHB drug costs with other employer-based plans: 1) FEHB covers employees and retirees, whereas most employer-based plans no longer cover retirees; and 2) OPM's contracted Carriers have historically not integrated Medicare prescription drug coverage in the way that almost all employer-based plans that cover their retirees have done. As indicated above, based on recent OPM policy guidance, this is changing: the majority of FEHB plans will adopt Medicare EGWPs.

FEHB Program Enrollment and Eligibility. The disaggregated nature of FEHB eligibility determination and enrollment processes, where each employing office is responsible for an employee's FEHB status, currently limits OPM's insight into enrollment issues. OPM is addressing this structural impediment – a holdover from the inception of the program in the 1950s prior to modern information systems – in the short term by providing guidance and training to agencies and health insurance Carriers on enrollment processes and developing tools that improve OPM's oversight capabilities. However, the long-term solution likely lies in the development of a centralized FEHB enrollment system similar to the one that OPM is developing for the Postal Service Health Benefit Program, which will be available for the 2024 Open Season.

OPM, Federal agencies, and health insurance Carriers each have significant responsibilities in administering the FEHB program. Since the inception of the FEHB program, each agency has had delegated authority to determine eligibility for its employees and to enroll its employees and family members, which was historically an appropriate approach given that each employing agency is responsible for maintaining every employee's official personnel record, including their enrollment in benefit

programs. FEHB Carriers also interact directly with enrollees on enrollment-related questions.

OPM has taken multiple actions to strengthen controls preventing the coverage of ineligible family members by monitoring, to the extent possible, employing agency and Carrier actions. OPM has provided significant support and training to Federal agencies and Carriers to ensure consistent and comprehensive implementation of guidance on preventing ineligible individuals from being added as family members to an FEHB enrollment through a requirement to review eligibility documentation in Carrier Letter [2021-06](#) and Benefits Administration Letter (BAL) [21-202](#), as well as guidance on identifying and removing ineligibles currently on the rolls as family members in Carrier Letter [2020-16](#) and BAL [20-203](#).

OPM has engaged and continues to engage agencies and Carriers to ensure ineligible family members are not enrolled by leveraging existing working groups, training opportunities, and knowledgeable internal staff. This includes ongoing operation of an Integrated Project Team (IPT), consisting of experts from across OPM, to consider potential updates to guidance and monitoring activities, and to execute those identified activities. The IPT is working to increase education of enrollees related to eligibility requirements and to utilize the Master Enrollment Index (MEI) to identify potential ineligible family members for further investigation. To improve enrollee knowledge of eligibility requirements, OPM issued BAL 23-203 on August 21, 2023, requiring agencies to annually provide information related to family member eligibility requirements to employees.

The OIG notes that a gap exists in verifying family member eligibility during Open Season when agencies must timely process a large volume of Open Season transactions. OPM recognizes the potential for ineligible persons to be enrolled during this time. OPM's guidance issued in Carrier Letter [2020-16](#) and BAL [20-203](#) provides a mechanism for agencies and Carriers to identify and remove ineligible persons who may have been added to enrollments as family members, including during Open Season. OPM plans to issue new guidance relating to oversight during Open Season by the close of Fiscal Year (FY) 2024.

The OIG indicates that OPM is unable to identify or estimate the number of ineligible family members receiving benefits or the total costs of improper payments to the FEHB Program. OPM has historically not had access to enough quality information on FEHB enrollments to reasonably estimate possible ineligible persons covered as family members in FEHB. OPM has been working to create an authoritative list of all FEHB enrolled members. OPM expects to leverage its MEI to conduct preliminary analyses to understand issues around member eligibility. As first steps with this data, OPM has identified several queries to serve as a foundation for member eligibility analyses. OPM will be using the results of these analyses to work with agencies, as appropriate, to

develop corrective actions to remove ineligible persons and prevent the enrollment of ineligible persons.

The OIG states, “By OPM’s own estimate, the cost of ineligible family members to the FEHBP is up to \$1 billion annually.” The GAO Report¹ that OIG cites quotes the same approximate figure. This “estimate” was a rough extrapolation from statistics on non-Federal programs and was not based on sampling from the FEHB Program itself. This amount should not be represented as a statement of fact.

OPM has long recognized that current health benefits eligibility and enrollment processes have opportunities for automation and centralization. As OPM works to implement the Postal Service Health Benefits Program (PSHBP), a centralized enrollment system is a key feature. As OPM designs and builds the PSHBP System, OPM will continue to consider how such a centralized system could potentially be expanded to the entire FEHB Program, recognizing the potential benefits of a centralized enrollment process in helping to prevent the enrollment of ineligible persons.

The Effects of the Opioid and Drug Abuse Epidemic on the FEHB Program. OPM has offered guidance, both formal and informal, regarding opioids since 2014 focusing on best practices in chronic pain management, including the safe prescribing of opioids. In 2015, OPM joined the White House Interagency Task Force on Opioids. OPM also participates in the Interdepartmental Substance Use Disorders Coordinating Committee, which was established in May 2019 by the U.S. Department of Health and Human Services pursuant to Section 7022 of the Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act. In March 2023, we communicated with all FEHB Carriers to direct attention to new clinical practice guidelines developed by the Centers for Disease Control and Prevention (CDC). We continue to promote access to Medication Assisted Treatment (MAT) with buprenorphine, naltrexone, or methadone-based regimens. In addition, we communicated to FEHB Carriers through Carrier Letters [2023-06](#), [2023-04](#), [2023-03](#), [2022-03](#), [2022-02](#), [2021-03](#), [2020-01](#), [2019-01](#), [2018-01](#), and [2017-01](#) on various opioid-related topics such as prevention strategies, best practices, and evidence-based treatments that Carriers must have in place to reduce the risk for substance use disorders, including opioid use disorder. While the current opioid crisis is mostly driven by illicitly manufactured fentanyl, OPM continues to focus on safe opioid

¹ Federal Employees Health Benefits Program: Additional Monitoring Mechanisms and Fraud Risk Assessment Needed to Better Ensure Member Eligibility, GAO-23-105222, published December 9, 2022, and publicly released January 9, 2023.

prescribing, opioid safety monitoring programs, and access to evidence-based substance use disorder treatments.

As noted earlier, OPM annually publishes Consolidated Pharmacy Guidance, which encourages Carriers, when supported by clinical evidence and safety standards, to have quantity limits and prior approval on opioid medications, along with safety edits for initial opioid prescription fills and high morphine milligram equivalent doses. FEHB Carriers cover medication-assisted treatment (MAT) for the treatment of opioid use disorder and make naloxone, an opioid reversal agent, available at no cost or with lower cost-sharing. OPM has also included language in the FEHB contracts to ensure that PBMs and entities providing products and services used in the administration of the pharmacy benefit have fraud, waste and abuse (FWA) detection processes in place to proactively identify and mitigate risks related to FWA.

OPM recently added the National Committee for Quality Assurance (NCQA) measure - Use of Opioids from Multiple Providers (UOP) to the 2024 Plan Performance Assessment Quality, Customer Service, and Resource Use (QCR) measure set – Carrier Letter [2022-13](#). The rate collected and scored will be the Multiple Prescriber rate. A range of performance on the Multiple Prescriber rate of the UOP measure will allow OPM to better understand how FEHB Carriers are managing their networks to ensure patient safety and to reduce the risk of iatrogenic harms.

OPM being ahead of the curve on instituting guidance and comprehensive multi-pronged approach to the opioid epidemic has helped ensure FEHB Carriers have robust programs in place to prevent and treat opioid use disorder. OPM continues to monitor FEHB Carrier opioid programs and opioid utilization to ensure the prevention of opioid misuse, effective pain management, treatment of opioid use disorder, and supportive recovery programs within the FEHB Program.

The OIG encourages OPM to require “...carriers to increase opioid and substance abuse-related data provided to the agency and the OPM OIG, particularly related to the carrier-required access to programs that identify members at risk of substance abuse disorders and provider outreach or education that is targeted at outlying opioid prescribers.” We will continue to encourage Carriers to focus provider and member education efforts on the risks involved in opioid and substance use disorders. We also are considering ways to expand data collection in this area to assist with our oversight efforts.

Health Benefits Carriers’ Fraud and Abuse Programs. Per Section 1.9 in the FEHB standard contracts as well as in Carrier Letter 2022-02, which was developed in collaboration with OIG, OPM requires FEHB Carriers to have robust FWA programs and to report potential FWA issues to OIG.

OPM remains committed to effective oversight and administration of the FEHB Program and strengthening controls surrounding Carriers' FWA programs, which continue to be a priority. Beyond efforts mentioned above, we also implemented new contract language beginning in 2021 to clarify that in cases of FWA, Carriers will coordinate with OIG as required by the contract and FWA guidance prior to attempting to recover erroneous payments.

As discussed in the prior section on enrollment and eligibility, OPM has taken multiple actions to strengthen controls preventing the coverage of ineligible family members and also expects the MEI will be an important tool to address FWA in FEHB. Accurate enrollment is one component of an effective anti-FWA program, and OPM believes that a complete MEI will permit us to develop an accurate and complete baseline of enrollments.

Postal Service Reform Act of 2022. OPM has diligently been working to implement the PSHBP pursuant to the Postal Service Reform Act of 2022. While OPM has made significant progress in establishing the PSHBP, the two-year timeline afforded by the PSRA presents challenges considering the complexity of the task. Importantly, to be fully successful in implementing this program, OPM will require sustained funding to administer and maintain the program.

The OIG outlines a number of tasks OPM will need to complete to launch the PSHBP by January 1, 2025. The Carrier Connect program referenced by the OIG as needing continued development launched in late June 2023.

Identifying and Reducing the Flow of Improper Payments

The FEHB Program. As noted above, OPM remains committed to effective oversight and administration of the FEHB Program, and strengthening controls surrounding FEHB Carriers' FWA programs remains a priority. One of the underlying principles of the FEHB Program is that all Carriers offer a health benefits plan for which the Carrier, not the Federal Government, bears the risk of claims. Since Carriers bear this risk, they also have an inherent incentive to eliminate improper payments.

OIG acknowledges that centralized claims and enrollment repositories are needed to fully address this challenge. OPM has made significant improvements in addressing these challenges. We have started this process with the centralized eligibility determination and enrollment process that is part of PSHBP and will continue to consider how the infrastructure developed for the Postal program can be leveraged for the FEHB as a whole. However, building out this capability from 1.7 million covered lives to 8.2 million will require an increase in funding.

We take safeguarding the integrity of OPM's programs very seriously and while we do not have a Program Integrity function as a separate organization, OPM conducts many

program integrity activities such as, but not limited to, requiring agencies to verify family member eligibility for new enrollees and those experiencing a qualifying life event, requiring Carriers to verify documentation for new family members added to an existing enrollment, and leveraging the IPT to use the MEI to identify potential ineligible family members.

OPM's current Office of Management and Budget (OMB)-approved Improper Payment (IP) methodology was jointly developed by OIG, Healthcare and Insurance (HI), and the Office of the Chief Financial Officer (CFO). It leverages OIG Carrier-specific audits of the FEHB Program and includes fraud investigative recoveries from OIG, FEHB Carriers, and Department of Justice (DOJ) efforts.

The Payment Integrity Information Act of 2019 (PIIA) governs improper payments, with the purpose to identify, report, and reduce improper payments in the government's programs and activities. In March 2021, OMB updated its Circular A-123, Appendix C requiring agencies to assess all programs and activities with annual outlays greater than \$10M and identify those that are susceptible to significant improper payments. OMB requires working with a procured vendor to finalize a sampling and estimation methodology plan for the FEHB Program. In our improvement efforts to identify and reduce government-wide improper payments to increase payment integrity, OPM submitted a statistically valid Sampling and Estimation Methodology Plan (S&EMP) for FEHB experience-rated Carriers to OMB that meets the requirements of OMB Circular A-123 Appendix C – Requirements for Payment Integrity Improvement. OPM continues to develop and finalize the S&EMP for community-rated Carriers.

OPM has also responded to the recommendations in the FY 2020 OIG-issued Final Audit Report of the FEHB Program and Retirement Services Improper Payments Rate Methodologies. OPM will continue to work with OIG to address the recommendations OPM concurs with, while communicating the reasons behind those OPM does not.

Retirement Programs: Federal Employees Retirement and Civil Service Retirement Systems. The OIG states that OPM's Retirement Services (RS)' improper payments totaled \$325.81 million in FY 2022. OPM notes that improper payments also include underpayments. Since fraud cases would only attribute to overpayments, this section should distinguish between the overpayment amount of \$244.68 million and the underpayment amount of \$81.13 million.

In FY 2022, RS paid \$87,898.92 million in annuity payments, of which \$244.68 million were overpayments and \$81.13 million were underpayments, resulting in a 0.37% improper payment rate. In FY 2023, RS paid \$95,301.58 million in annuity payments and \$337.55 million in improper payments, of which \$224.33 million were overpayments and \$113.22 million were underpayments, resulting in an improper payment rate of 0.35% for FY 2023.

In 2019, RS established a Fraud Branch to further identify and prevent improper payments. The RS Fraud Branch researches all types of fraud reported to Retirement Services through (1) mail; (2) phone; (3) Congressional inquiries; (4) escalations; (5) Office of Inspector General; and (6) other OPM sections and offices. The Fraud Branch proactively recognizing patterns of fraud and investigating fraud through the use of investigative and system tools. The Fraud Branch responds to potential fraud inquiries and data integrity breaches involving all phases of retirement processing including the proper routing of payments, the payment of life insurance, the provision of health benefits, the representative payee process, and medical review. The safeguarding of the annuity roll is the primary concern of the data integrity team through monitoring error reports and extracting data from the annuity to confirm accuracy. The Fraud Branch seeks prosecution of individuals, as warranted, through the OIG and the DOJ. Of the over 1,900 fraud inquiries investigated, 91 were OPM-related fraud cases. RS referred approximately 40 to the Inspector General, which falls within the \$30,000 threshold established by the OIG. The RS Fraud Branch thoroughly investigated the remaining 51 cases. Referrals from the Program are not limited to surveys and computer matches. RS plans to submit proposed revisions to the OIG referral memo in order to update and clarify roles and responsibilities now that RS has established a Fraud Branch. The proposed revisions will broaden Fraud Branch's responsibilities to identify, refer, and prevent fraud, including cases involving deceased annuitants.

To strengthen the identification and prevention of fraud, RS is improving its surveys through streamlining the process. The Disability Earnings Survey has already moved to an electronic submission through Services Online, eliminating the need for paper and streamlining the process to identify disabled annuitants who have returned to work. RS is also modernizing other surveys that are conducted, beginning with the Representative Payee survey. As a result of the Representative Payee Fraud Prevention Act of 2019, RS published updated regulations for the Representative Payee program. In FY 2023, RS updated the application and the survey form to better capture information from the Representative Payee applicants. Also in FY 2023, a contract was awarded to continue the work that started in FY 2022 on the Representative Payee Database, that will automate the Representative Payee application and survey, send automatic notices, provide management information and other reports, and track decisions and collection of misused benefits for Representative Payees who have been found to misuse monies paid to them on behalf of the annuitant they are representing. This database will serve as the platform for the modernization of all of RS' surveys.

Retirement Services

Retirement Claims Processing Backlog. RS acknowledges that the claims inventory remains above 13,000. We also note that the annual average inventory levels at the end of September 2023 are 32% below inventory levels at the end of September 2022. As of the end of the 2023 fiscal year, inventory levels are at their lowest level since 2017. The

retirement claims inventory has fallen in 6 of the last 9 months. Case processing times for the month of September averaged 70 days, a 3-week improvement from the month of January 2023. FY 2023 YTD average case processing time currently stands at 77 days. This is a decline of 13% from the same period in FY 2022.

RS continues to build its capacity to process retirement packages accurately and efficiently. One area of focus is on the agencies with whom OPM partners in the retirement application process. RS has taken actions to assist and work closely with agencies to reduce common errors on retirement applications and identify issues as they arise. We conduct an annual training for Agency Benefits Officers and other HR professions as well as a holding quarterly Agency Benefits Officers meeting to identify retirement application process and trending errors. In FY 2023 over 2,600 HR professionals across 80 different Federal agencies completed training on retirement application process and coverage determinations, life insurance, and court order benefits. During the Quarterly Agency Benefits Officers meetings, specific issues are identified and discussed including inaccurate service dates, FICA earnings or pay rates, and spousal consent. In addition to these targeted discussions, new and revised publications are routinely shared. Throughout engagement with other agencies, we have addressed specific top errors and questions received from Agencies on a continuous basis.

Retirement Services' Customer Service. OPM recognizes the importance of supporting RS customers and as such, continues to prioritize improving customer experience. For example, RS has increased its call center staff throughout FY 2023, filling 146 out of 150 positions as of the end of October.

RS has also collaborated closely with agencies to prepare for and support the annual surge in retirement applications that typically occurs in the winter months. RS is applying lessons learned from past surge periods to improve processes for this year's surge season.

RS continues to review processes to identify opportunities for improvement, such as modifying filing systems to improve staff's ability to access documents and identify cases ready for processing. RS also utilizes "Tiger Teams" to focus on processing complete retirement claims quickly while also devoting staff to address the more complex aged cases (cases that are more than 60 days old).

RS continues to work closely with OPM's Office of the Chief Information Officer (OCIO) and Communications teams to improve customer self-service, including investments in new tools and features. This includes 24/7 access to frequently asked questions and support via OPM.gov and a newly launched chatbot to support survivor claims.

OPM has also developed a new Retirement Quick Guide, retirement booklets, and how-to videos, which are posted on the OPM website.

RS plans to pursue building on these improvements to communications channels such as telephone, web, chat, email, and text. RS also plans to deploy a suite of cloud-based systems that will greatly increase future scalability. These improvements will increase RS' agility, efficiency, and operations as RS continues to improve customer service and reduce case processing times; implementing these improvements are dependent on OPM receiving sustained funding to support these efforts.

Retirement Services Call Center Issue and Status. OPM is able to provide better customer support to annuitants through modernization of the retirement process. With increased funding and investment, OPM will continue to make progress against reducing processing times and improving customer experience. RS maintains its commitment to expand and improve these efforts and establish long-term solutions that will improve the overall experience of Federal annuitants and their eligible family members as annuitants prepare for and transition into retirement.

Challenge 2: Information Technology

OPM continues to pursue opportunities to fund our IT modernization efforts, including through the use of our IT Modernization Fund. The OIG has recognized the work OPM has done to build and implement a modernization plan, which will require sustained funding to be fully successful. Additionally, stability with OCIO's leadership and technical strategic levels allow OCIO colleagues to better address the agency's IT challenges. Since 2021, OPM's CIO has established and filled key executive positions. In particular, in FY 2022 and FY 2023, the CIO focused on filling deputies and technical positions. Additionally, during FY 2023, OCIO's employee turnover rate was 4%, the lowest turnover rate in a decade.

Further, OCIO is continually implementing cloud technologies and services to modernize OPM's IT and promote enterprise solutions while improving the customer and digital experience. To further improve security, OCIO is continually developing our Zero Trust Architecture program and using native-cloud tools to further enhance OPM's cybersecurity posture.

According to the preliminary FY 2023 OPM Federal Cybersecurity Progress Report, OPM's score of 90.5/100 is an increase of 16.5 points from FY 2022. According to GSA's 2023 Mission Support Services Customer Satisfaction Survey, OPM's ranking improved to 8 of 23 for CFO Act agencies. That was an improvement from the 2022 ranking of 12th of 24 for CFO Act agencies. In FY 2023, OPM's FITARA scorecard improved by a full letter grade from a "C" to a "B."

The CIO has prioritized and increased resources for the OCIO team, which has led to significant progress in continually remediating IT audit findings. OCIO has closed numerous IT audit recommendations from OIG and GAO, continuing to reduce the number of findings that were inherited by this leadership team.

We have partnered with DCSA to develop a schedule to transition DCSA off the OPM network to its own separate network by the end of FY 2024 Q2. DCSA is currently sharing cybersecurity and operating costs with OPM. OPM is working to mitigate any resource gaps that occur as a result of the separation.

Challenge 3: Government-wide Challenge

Strategic Human Capital Management

As a co-lead for the President's Management Agenda (PMA) priority 1, the Director of OPM plays a pivotal role in elevating the requirement for agencies to set targets and track progress for closing staffing gaps in their mission critical occupations (MCO). OPM issued a [memo](#) to CFO Act Agencies on November 30 requiring agencies to submit to OPM their target number of hires in MCOs including the government-wide high risk MCOs established under the closing skills gap initiative. OPM worked with GSA to create a dashboard on www.performance.gov to track agencies' progress. OPM required agencies to submit data on their progress for closing staffing gaps mid-year which was then used to update the public facing dashboard.

OPM conducted human capital reviews (HCRs) this year with each of the CFO Act Agencies and one of the standing agenda items was progress on closing skills gaps under the workforce planning discussion. OPM will be releasing high level findings from the HCRs in FY 24. In FY 2023, agencies were required to submit updated human capital operating plans (HCOP) to OPM as required under 5 CFR 250 subpart B to report on their efforts to close skills gaps. OPM reviewed each HCOP and provided written feedback in a letter to each CHCO where the agencies fell short on complying with requirement to address skills gaps or was successful in outlining their approach.

In October, OPM issued the [Closing Skills Gaps Initiative Closeout Report](#) highlighting all of the actions that OPM has taken to support agencies in closing skills gaps. In the report OPM highlights that Auditor and Economist have been removed as government-wide high risk MCOs and that 86% of CHCO Act agencies have mitigated one or more high risk MCO factors. OPM continues to provide data on the different elements of the multi-factor model to assist agencies in addressing their skills gaps efforts.

We have also made great strides in growing our internal data analytics capability since the March 2022 report. In addition to increasing staff in statistics, data analysis, and data science, we published the first ever OPM Data Strategy for FY 2023 – FY 2026 that set goals for OPM to deliver high-quality human capital data products that inform and support critical decision-making for OPM and Federal agencies across government. In September 2023, we launched the first suite of digital dashboards government-wide that provide data insights on Diversity, Equity, Inclusion, and Accessibility (DEIA), Attrition, Federal Employee Viewpoint Survey (FEVS), Time to Hire, and Cyber Workforce to all Federal agencies through its role-based, authenticated data portal.

To help agencies improve their ability to leverage human capital data, OPM developed a Human Capital Data Analytics Community of Practice to promote knowledge exchange and collaboration on the effective development and use of human capital analytics tools, with meetings that averaged 140+ participants per month across agencies. OPM also established data champions at each CFO Act agency to train agencies in the use of these tools and to improve the quality and timeliness of agency data sent to OPM for analysis.

OPM has also integrated the actions to respond to the 16 National Academy of Public Administration Study recommendations to OPM into the agency's [FY 2022-2026 Strategic Plan](#) and continues to make steady progress on addressing the recommendations to OPM. OPM's progress in FY 2022 is described in the agency's [FY 2022 Annual Performance Report](#), and the agency's progress in FY 2023 will be described in the agency's FY 2023 Annual Performance Report, expected to be published in February.