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# FEHB Program Carrier Letter

## All Carriers

U.S. Office of Personnel Management  
Office of Insurance Programs

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**Letter No. 2001-24**

**Date:** August 2, 2001

Fee-for-service [ 19 ]    Experience-rated HMO [ 22 ]    Community-rated HMO [ 23 ]

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**SUBJECT:    Amendments to the Standard Contract**

Please review the enclosed Standard Contract amendments for Federal Employees Health Benefits Program carriers for Contract Year 2002. New language is [underlined](#) and language to be deleted is in ~~strikeout~~. If you have any comments for our consideration, please provide them by August 24, 2001.

Section 1.4 Incorporation of Laws and Regulations

This change clarifies the clause regarding implementation of regulatory changes.

Section 1.7 Statistics and Special Studies

This change adds a clause related to the evaluation of mental health and substance abuse parity implementation.

Section 1.9 FEHB Quality Assurance

This section has been changed to clarify that the costs of OPM's effectiveness of care measures are allowable and are subject to the administrative cost limitation for experience rated health plans. NOTE: This change does not apply to community rated plans.

Also, this section has been changed to reflect OPM's requirement that fee for service carriers and HMOs with over 500 enrollees must demonstrate their commitment to accreditation. If they haven't already obtained and maintained accreditation, they must provide us with business plans that include steps and timelines in CY 2002 for implementing accreditation.

Section 1.13 Information and Marketing Materials

This section has been changed to clarify the responsibility for the accuracy of the brochure and the timeliness of brochure distribution.

### Section 1.22 Administrative Simplification - HIPAA

This change adds the requirement for carriers to implement HIPAA electronic transaction standards and HIPAA privacy standards promulgated by Health and Human Services' regulations. NOTE: This change is Section 1.21 for community rated contracts.

### Section 1.24 Notice to Enrollees on Termination of FEHBP or Provider Contract

This is a technical change to the language on continued care for postpartum. NOTE: This change is in Section 1.23 for HMO contracts.

### Section 1.25 Transitional care

This is a technical change to the language on continued care for postpartum. It also removes the clause allowing members to continue use of their mental health providers through the transition period from CY2000 to CY2001. NOTE: This change is in Section 1.24 for HMO contracts.

### Section 3.11 Survey Charges

This change clarifies that consumer assessment survey costs are allowable administrative charges for experience rated contracts. NOTE: This is Section 3.7 for community rated contracts, but this change does not apply to community rated carriers.

### Section 3.12 FEHB Clearinghouse

This section has been changed to clarify that the clearinghouse facilitates enrollment reconciliation among carriers and agencies and that the pro-rata cost for the clearinghouse is based on FEHB premiums. NOTE: This change applies to Section 3.6 Discrepancies Between Enrollment and Payments to Carrier for community rated contracts.

### Section 5.1 Definitions

This is a text change to comply with the Federal Acquisition Regulation (FAR).

### Section 5.14 Utilization of Small Business Concerns

This change replaces the current text and adds veterans-owned business to the list of small businesses in OPM's current pilot project with several health plans. NOTE: This only affects six health plans that are participating in OPM's pilot project.

### Section 5.25 Drug-Free Workplace

This is a FAR text change.

Section 5.54 Penalties for Unallowable Costs

This is a FAR text change. NOTE: It does not apply to community rated contracts.

Section 5.60 Subcontracts for Commercial Items

This is a FAR text change that adds a small business-subcontracting requirement for contract amounts above \$500,000. NOTE: This small business contract change only affects the six pilot plans. NOTE: This change does not apply to community rated contracts.

Appendix F

This Appendix applies only to the six health plans that are participating in OPM's pilot project on small business subcontracting. The change replaces the current text on small business plans and adds veterans-owned businesses.

These contract amendments include updates to the Federal Acquisition Regulation standard clauses as of June 30, 2001. If there are any additional changes to the FAR clauses that should be incorporated in the contract, we will update them when we send the final contract. Revised FAR clauses will show the date of the FAR revision. Any new or revised FEHBAR clauses will show the date the clause or revision was originally effective. All new and revised non-FEHBAR clauses will show the date "JAN 2002."

Please send your comments to Anne Easton at OPM, with a copy to your FEHB contract specialist. You may email comments to [aseaston@OPM.gov](mailto:aseaston@OPM.gov) or send them by fax to (202) 606-0633. We look forward to working with you on a final contract document for Contract Year 2002.

Sincerely,



Abby L. Block  
Assistant Director  
for Insurance Programs

Enclosure