

**Changes to Standard 2004 Community-Rated HMO Health Benefits Contract**

**NOTE:** New and revised language is underlined and language to be deleted is ~~struck-out~~.

1. Section 1.9, Plan Performance-Community-Rated Contracts (JAN 2003). We are proposing to amend 1.9 (a) and (f) to reflect updates in the QA and F&A Report.

<b>Current §1.9 (a) language</b>	<b>Proposed §1.9 (a) language</b>
<p>(a) <u>Detection of Fraud and Abuse</u>. The Carrier shall conduct a program to assess its vulnerability to fraud and abuse and shall operate a system designed to detect and eliminate fraud and abuse internally by Carrier employees and subcontractors, by providers providing goods or services to FEHB Members, and by individual FEHB Members. The program must specify provisions in place for cost avoidance not just fraud detection, along with criteria for follow-up actions. The Carrier must submit to OPM an annual analysis of the costs and benefits of its fraud and abuse program. The Carrier must also submit semi-annual reports to OPM by January 31 and July 31 addressing the following: the number, type, and disposition of fraud cases pursued during the preceding six months and a count of new fraud cases.</p>	<p>a) <u>Detection of Fraud and Abuse</u>. The Carrier shall conduct a program to assess its vulnerability to fraud and abuse and shall operate a system designed to detect and eliminate fraud and abuse internally by Carrier employees and subcontractors, by providers providing goods or services to FEHB Members, and by individual FEHB Members. The program must specify provisions in place for cost avoidance not just fraud detection, along with criteria for follow-up actions. The Carrier must submit to OPM an annual analysis of the costs and benefits of its fraud and abuse program. The Carrier must also submit <u>annual</u> reports to OPM by <u>March 31</u> addressing the following: <u>number of cases; dollars identified as loss and recovered; actual and projected savings; cases referred by law enforcement and resolved through negotiated settlement; and number of arrests and criminal convictions. The report will also include the industry standards checklist.</u></p>

<b>Current §1.9 (f) language</b>	<b>Proposed §1.9 (f) language</b>
<p>(f) <u>Contract Quality Assurance</u>. The Carrier shall develop and apply a quality assurance program specifying procedures for assuring contract quality. At a minimum the carrier shall meet the following standards and submit an annual report to OPM on these standards by January 31 of the following contract period:</p>	<p>(f) <u>Contract Quality Assurance</u>. The Carrier shall develop and apply a quality assurance program specifying procedures for assuring contract quality. At a minimum the carrier shall meet the following standards and submit an annual report to OPM on these standards by <u>July 1</u> of the following contract period:</p>

<p>(5) <i>Average Claims Processing Time</i> - the average number of working days from the date the Carrier receives an FEHB claim to the date it adjudicates it (paid, denied or a request for further information is sent out), for the given time period, expressed as a cumulative percentage.</p> <p>REQUIRED STANDARD:</p> <ul style="list-style-type: none"> <li>• The Carrier adjudicates an average of 87 percent of FEHB claims received over the given time period within 20 working days (28 calendar days).</li> <li>• The Carrier adjudicates an average of 92 percent of FEHB claims received over the given time period within 30 working days (42 calendar days).</li> <li>• The Carrier adjudicates an average of 97 percent of FEHB claims received over the given time period within 60 working days (84 calendar days).</li> </ul>	<p>(5) <i>Claims Timeliness</i> - the average number of working days from the date the Carrier receives an FEHB claim to the date it adjudicates it (paid, denied or a request for further information is sent out), for the given time period, expressed as a cumulative percentage.</p> <p>REQUIRED STANDARD: The Carrier adjudicates <u>95 percent of claims within 30 working days.</u></p> <ul style="list-style-type: none"> <li>• <del>The Carrier adjudicates an average of 92 percent of FEHB claims received over the given time period within 30 working days (42 calendar days).</del></li> <li>• <del>The Carrier adjudicates an average of 97 percent of FEHB claims received over the given time period within 60 working days (84 calendar days).</del></li> </ul>
<p>(7) <i>Member Inquiries</i> - the number of working days taken to respond to an FEHB member's written inquiry, expressed as a cumulative percentage, for the given time period.</p> <p>REQUIRED STANDARD:</p> <ul style="list-style-type: none"> <li>• The Carrier responds to an average of 60 percent of FEHB member written inquiries within 10 working days (14 calendar days).</li> <li>• The Carrier responds to an average of 90 percent of FEHB member written inquiries within 30 working days (42 calendar days).</li> </ul>	<p>(7) <i>Member Inquiries</i> - the number of working days taken to respond to an FEHB member's written inquiry, expressed as a cumulative percentage, for the given time period.</p> <p>REQUIRED STANDARD: The Carrier responds to <u>90 percent of inquiries within 15 working days (including internet inquiries).</u></p> <ul style="list-style-type: none"> <li>• <del>The Carrier responds to an average of 90 percent of FEHB member written inquiries within 30 working days (42 calendar days).</del></li> </ul>
<p>(8) (i) <i>Telephone Waiting Time</i> - the average number of seconds elapsing before the Carrier connects a member's telephone call to its service representative.</p> <p>REQUIRED STANDARD: On average,</p>	<p>(i) <i>Call Answer Timeliness</i> - the average number of seconds elapsing before the Carrier connects a member's telephone call to its service representative.</p> <p>REQUIRED STANDARD: On average,</p>

no more than 1.5 minutes elapse before the Carrier connects a member's telephone call to its service representative.	no more than <u>30 seconds</u> elapse before the Carrier connects a member's telephone call to its service representative.
(ii) Telephone Blockage Rate - the percentage of time that callers receive a busy signal when calling the Carrier. REQUIRED STANDARD: On average, callers receive a busy signal no more than 10 percent of the time.	(ii) Telephone Blockage Rate - the percentage of time that callers receive a busy signal when calling the Carrier. REQUIRED STANDARD: <u>No more than 5% of callers receive a busy signal.</u>
(iii) Telephone Abandonment Rate - the number of calls attempted but not completed (presumably because callers tired of waiting to be connected to a Carrier representative) divided by the total number of calls attempted (both completed and not completed), expressed as a percentage. REQUIRED STANDARD: On average, enrollees abandon the effort no more than 8 percent of the time.	(iii) Telephone Abandonment Rate - the number of calls attempted but not completed (presumably because callers tired of waiting to be connected to a Carrier representative) divided by the total number of calls attempted (both completed and not completed), expressed as a percentage. REQUIRED STANDARD: On average, enrollees abandon the effort no more than <u>5</u> percent of the time.
(8) (iv)	(iv) <u>Initial Call Resolution – the percentage of issues resolved during the initial call.</u> REQUIRED STANDARD: <u>On average, caller’s issues must be resolved during the initial call at least 60% of the time.</u>

2. Section 2.14, Continuing Requirements After Termination of the Carrier (JAN 2000). We are proposing an amendment to this section to clarify that the gaining carrier must assume responsibility of a member’s hospitalization when the prior carrier is discontinued in whole or in part.

<b>Current §2.14 language</b>	<b>Proposed §2.14 language</b>
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<p>(a) The Carrier shall fulfill all of the requirements agreed to under the contract that continue after termination. The order of precedence for the applicable laws, regulations, and the contract are listed in Section 1.3.</p> <p>(b) Contract requirements that extend beyond the date of the Carrier’s termination include, but are not limited to, offering conversion contracts to enrollees during the 31-day extension of coverage for conversion, providing benefits to the enrollee until the effective date of the new enrollment, and processing and paying claims incurred prior to the termination date.</p>	<p>(a) <u>Except as provided in paragraph (c)</u> the Carrier shall fulfill all of the requirements agreed to under the contract that continue after termination. The order of precedence for the applicable laws, regulations, and the contract are listed in Section 1.3.</p> <p>(b) Contract requirements that extend beyond the date of the Carrier’s termination include, but are not limited to, offering conversion contracts to enrollees during the 31-day extension of coverage for conversion, providing benefits to the enrollee until the effective date of the new enrollment, and processing and paying claims incurred prior to the termination date.</p> <p><u>(c) When the prior carrier is discontinued in whole or in part, temporary coverage, as provided in (b), is not available. The gaining carrier assumes responsibility for the member’s hospitalization at the effective date of the new enrollment.</u></p>
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3. Section 4.1, Participation in the DoD Demonstration Project (JAN 2000). We are proposing to remove §4.1 from the contract because the DoD Demonstration Project is complete. The deleted clause is as follows:

~~PARTICIPATION IN DoD/FEHBP DEMONSTRATION PROJECT (JAN 2000)~~

~~(a) The Carrier shall participate in the DoD/FEHBP Demonstration Project authorized by 10 U.S.C. 1108 (“DoD Demonstration Project”) under the terms and conditions specified by OPM.~~

~~(b) In setting the premium rate, the Carrier shall comply with the requirements in Section 3.2, Accounting and Price Adjustment (FEHBAR 1652.216-70), and 3.3, Rate Reduction for Defective Pricing or Defective Cost or Pricing Data (FEHBAR 1652.215-70).~~

~~(c) If the Carrier has experienced costs far in excess of the premiums for the DoD enrollment group, OPM will reimburse the Carrier first from the Carrier’s demonstration project Contingency Reserve and then from OPM’s Administrative Reserve. At the end of the demonstration project, any surplus will be placed in the Contingency Reserve of all carriers continuing in the FEHB Program following the termination of the DoD demonstration project. Credit will be in proportion to the amount of subscription charges paid and accrued to the carriers’ plan during the final year of the demonstration project.~~

~~(d) The Carrier shall compile, maintain, and, when requested by OPM, report data on the plan’s experience to produce reports containing the following information and analysis:~~

~~\_\_\_\_\_ (1) The number of eligible beneficiaries who elect to participate in the demonstration project.~~

~~\_\_\_\_\_ (2) The number of eligible beneficiaries who elected to participate in the demonstration project and did not have Medicare Part B coverage before electing to participate.~~

~~\_\_\_\_\_ (3) The costs of health benefits charges and the costs (direct and indirect) of administering the benefits and services provided to eligible beneficiaries who elect to participate in the demonstration project as compared to similarly situated enrollees in the FEHB Program.~~

~~\_\_\_\_\_ (4) Prescription drug costs for demonstration project beneficiaries.~~

## **Changes to: PART V Clauses**

4. Section 5.26 has changed as follows:

Federal, State, and Local Taxes ([State and Local Adjustments](#)) ([APR 2003](#)) ([FAR 52.229-3](#)).

(a) [As used in this clause-](#)

["After-imposed tax" means](#) any new or increased Federal, State, or local tax or duty, or tax that was excluded on the contract date but whose exclusion was later revoked or amount of exemption reduced during the contract period, other than an excepted tax, on the transactions or property covered by this contract that the Contractor is required to pay or bear as the result of legislative, judicial, or administrative action taking effect after the contract date.

["After-relieved tax" means](#) any amount of Federal, State, or local tax or duty, other than an excepted tax, that would otherwise have been payable on the transactions or property covered by this contract, but which the Contractor is not required to pay or bear, or for which the Contractor obtains a refund or drawback, as the result of legislative, judicial, or administrative action taking effect after the contract date.

["All applicable Federal, State, and local taxes and duties" means](#) all taxes and duties, in effect on the contract date, that the taxing authority is imposing and collecting on the transactions or property covered by this contract.

["Contract date" means](#) the effective date of this contract and, for any modification to this contract, the effective date of the modification.

["Excepted tax" means](#) social security or other employment taxes, net income and franchise taxes, excess profits taxes, capital stock taxes, transportation taxes, unemployment compensation taxes, and property taxes. "Excepted tax" does not include gross income taxes levied on or measured by sales or receipts from sales, property taxes assessed on completed supplies covered by this contract, or any tax assessed on the Contractor's possession of, interest in, or use of property, title to which is in the Government.

["Local taxes" includes taxes imposed by a possession or territory of the United States, Puerto Rico, or the Northern Mariana Islands, if the contract is performed wholly or partly in any of those areas.](#)

(b) Unless otherwise provided in this contract, the contract price includes all applicable Federal, State, and local taxes and duties.

(c) The contract price shall be increased by the amount of any after-imposed tax, or of any tax

or duty specifically excluded from the contract price by a term or condition of this contract that the Contractor is required to pay or bear, including any interest or penalty, if the Contractor states in writing that the contract price does not include any contingency for such tax and if liability for such tax, interest, or penalty was not incurred through the Contractor's fault, negligence, or failure to follow instructions of the Contracting Officer.

(d) The contract price shall be decreased by the amount of any after-relieved tax. The Government shall be entitled to interest received by the Contractor incident to a refund of taxes to the extent that such interest was earned after the Contractor was paid by the Government for such taxes. The Government shall be entitled to repayment of any penalty refunded to the Contractor to the extent that the penalty was paid by the Government.

(e) The contract price shall be decreased by the amount of any Federal, State, or local tax, other than an excepted tax, that was included in the contract price and that the Contractor is required to pay or bear, or does not obtain a refund of, through the Contractor's fault, negligence, or failure to follow instructions of the Contracting Officer.

(f) No adjustment shall be made in the contract price under this clause unless the amount of the adjustment exceeds \$250.

(g) The Contractor shall promptly notify the Contracting Officer of all matters relating to Federal, State, and local taxes and duties that reasonably may be expected to result in either an increase or decrease in the contract price and shall take appropriate action as the Contracting Officer directs. The contract price shall be equitably adjusted to cover the costs of action taken by the Contractor at the direction of the Contracting Officer, including any interest, penalty, and reasonable attorneys' fees.

(h) The Government shall furnish evidence appropriate to establish exemption from any Federal, State, or local tax when—

(1) The Contractor requests such exemption and states in writing that it applies to a tax excluded from the contract price; and

(2) A reasonable basis exists to sustain the exemption.

5. Section 5.28 has changed as follows:

RESERVED

~~TAXES—CONTRACTS PERFORMED IN U.S. POSSESSIONS OR PUERTO RICO (APR 1984) (FAR 52.229-5)~~

~~—The term "local taxes," as used in the Federal, State, and local taxes clause of this contract, includes taxes imposed by a possession of the United States or by Puerto Rico.~~