
FEHB Program Carrier Letter

All Fee-for-Service Carriers

U.S. Office of Personnel Management
Insurance Services Program

Letter No. 2009-11(c)

Date: May 1, 2009

Fee-for-Service [7] Experience-rated HMO [n/a] Community-rated HMO [n/a]

**Subject: 2010 Technical Guidance and Instructions for Preparing Proposals for
Fee-For-Service Carriers**

Enclosed are the technical guidance and instructions for preparing your benefit proposals for the contract term January 1, 2010, through December 31, 2010. Please refer to our annual *Call Letter* (Carrier letter 2009-08) dated April 20, 2009 for *policy guidance*. Benefit policies from prior years remain in effect.

Your complete proposal for benefit changes and clarifications is due no later than **May 31, 2009**. Please send a copy of your proposal to your contract specialist on a CD-ROM or other electronic means in addition to a hard copy. Your proposal should include the corresponding language that describes your proposed changes for the brochure. You do not need to send your fully revised 2010 brochure by May 31.

Your OPM contract specialist will negotiate your 2010 benefits with you and finalize the negotiations in a close-out letter. Please send an electronic version of your fully revised 2010 brochure to your contract specialist within five business days following the receipt of the close-out letter **or** by the date set by your contract specialist.

As a reminder, each year we assess carriers' overall performance. We take into consideration your efforts in submitting benefit and rate proposals on time and your accurate and timely production and distribution of brochures, as major factors in your plan's overall performance. Enclosed for your convenience is a checklist (Attachment VII) with the information you need to provide. Please return the completed checklist along with your benefit and rate proposals.

We look forward to working closely with you on these essential activities to ensure a successful Open Season again this year.

Sincerely,

Kay T. Ely
Associate Director
for Human Resources Products and Services

Enclosures

2010 FEHB Proposal Instructions

Preparing Your Benefit Proposal

Your benefit proposal must be complete. The timeframes for concluding benefit negotiations are firm and we cannot consider late proposals. Your benefit proposal should include:

- A plain language description of each proposed change (in worksheet format) and the revised language for your 2010 brochure;
- A plain language description of each proposed clarification (in worksheet format) and the revised language for your 2010 brochure; and
- A signed contracting official's form.

If there are, or you anticipate, significant changes to your benefit package, please discuss them with your OPM contract specialist before you prepare your submission.

Affordability – As stated in our *Call Letter*, we will work closely with you to find ways to manage costs and utilization effectively.

Value-Based Benefit Design

As stated in our *Call Letter*, we expect proposals for value-based benefit designs. For each benefit change, please provide answers to the questions included in Attachment II.

We will also consider separate proposals for health promotion or wellness incentives up to \$250 per year per enrollee. Consumers can use these funds for health care costs not otherwise covered by the plan, but which provide an incentive to improve or maintain their health or to comply with care-coordination activities associated with diseases such as diabetes, high blood pressure, obesity, etc. We encourage you to establish accounts (these accounts are not HSA or HRA accounts) through which members can earn credits through reduced utilization and/or compliance with health care regimens as incentives to use their healthcare dollars wisely. This \$250 health promotion or wellness incentive is separate from other benefits your plan offers. For example, if your plan is already waiving copayments for members based on compliance with a drug regimen, then those waivers need not apply under this benefit.

Please note: We will not accept proposals for separate wellness incentive accounts from HDHPs or CDHPs which already have savings accounts as part of their program structures.

We have provided examples of health promotion and wellness incentives below.

1. Karen decided she wants to stop smoking and signed up for a smoking cessation program. The program costs \$250 for six weeks. Her health plan will provide benefits up to \$100. She plans to use \$150 from her health promotion account to pay the balance of the fee for the program
2. Mike has had diabetes for 10 years. While he has tried to maintain his weight and control his blood sugar levels, he has had mixed results and his family had to take him to the emergency room three times in January and February 2008. His health plan has a care coordination program

and a \$250 incentive for patients who comply with the treatment protocol. Mike joined the program in March and worked closely with his care coordinator. He was able to better manage his sugar levels and did not need emergency care for the rest of the year. His health plan deposited \$250 into his health promotion account in December, which he can use during 2009 for medical expenses.

3. Harry is a healthy runner. He has not had an illness or injury for a number of years. He did not use his \$250 promotion account in 2008, so he plans to roll it over to 2009.

Mental Health Parity – In accordance with the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008, all carriers are required to offer parity benefits for medical and surgical benefits and mental health or substance use benefits, including out-of-network benefits. Please refer to Carrier Letter 2008-17 for guidance. As indicated in the past, mental health and substance abuse coverage must be identical to traditional medical care in terms of deductibles, coinsurance and co-pays. We expect plans to make patient access to adequate mental health services available through managed care networks of behavioral health care providers and innovative benefits design.

Catastrophic Limitations - We expect carriers to fully describe their catastrophic limitations for all benefits, as well as balance billing for the services of out-of network providers to ensure FEHB enrollees receive appropriate coverage for medically necessary services. We encourage proposals to mitigate any gaps you may have in the catastrophic coverage that you offer.

Please provide a full description of your catastrophic limit(s):

1. Describe the expenses that fall under each of these categories: medical, surgical, mental health and prescription drug benefits.
2. Please indicate completely what expenses are still the member's responsibilities after the member has reached the limit.
3. If you have an out-of-network benefit, please include any payments that members could be responsible for after they have met the catastrophic limit, including provider balance billing. We will consider cost neutral proposals that mitigate the potential for high cost sharing.
4. Given your catastrophic limits, what is the maximum out of pocket expense a member may pay for covered services?

Health Care Cost and Quality Transparency Initiatives – We continue to encourage you to expand your health care cost and quality transparency initiatives to broaden the use of health information technology (HIT) and to educate consumers on the value of HIT and transparency.

Preventable Medical Errors - We encourage you to review your coverage guidelines with respect to preventable medical errors and to revise your policies as long as you have arrangements in place to protect your members from balance billing.

Coverage for Therapies. We encourage you to examine and communicate your treatment modalities for conditions such as autism. See Attachment IV.

Organ/Tissue Transplants

We have updated the guidance on organ/tissue transplants which we provided in last year's technical guidance.

When a carrier determines that a transplant service is no longer experimental, but is medically accepted,

you may begin providing benefits coverage at the time that determination is made. Carriers are not obligated to wait for the next contract year before they begin providing such benefits. We have updated the following tables in Attachment V:

- Table 1– OPM’s **required** list of covered organ/tissue transplants
- Table 2 – Recommended organ/tissue transplants when received as part of a clinical trial

Prescription Drugs

All plans must meet creditable coverage requirements. The prescription drug benefit must be at least as good as the standard Medicare Part D Benefit.

As indicated in the 2007 Technical Guidance and Instructions for Preparing Benefits and Service Area Proposals for FFS Carriers, prescription drug benefits for Fee-For-Service (FFS) plans listed in the *2010 Guide to Federal Benefits* will be consistent with the prescription drug payment levels listed for Health Maintenance Organizations (HMO). Prescription drug payment levels will be listed as Level I, Level II, and Level III. These levels will show your current co-pays/coinsurance for generic, brand name and non-formulary, as well as other specific drug categories that may apply to your plan. If your plan has multiple (more than three payment levels, i.e., generic, brand name and non-formulary) for prescription drug coverage, please work with your OPM contract specialist to ensure that we accurately reflect your coverage in the *2010 Guide to Federal Benefits*.

Plans must clearly show their prescription drug benefits in terms of co-pays/coinsurance and payment levels in the 2010 brochure. For example, Level I is a \$10 copayment for generic drugs (others may apply); Level II is a \$30 co-payment for brand drugs (others may apply); and Level III is 50% of the plan allowance (\$35 minimum) for non-formulary brand drugs (others may apply).

Durable Medical Equipment. Please indicate which items you cover by completing the checklist in Attachment VI.

Benefit Changes

Your proposal must include a narrative description of each proposed benefit change. Please use Attachment II as a template for submitting benefit changes. This template includes value based benefit questions that must be answered for each benefit change. You must show all changes, however slight, that result in an increase or decrease in benefits as benefit changes, even if there is no rate change. Also, please answer the following questions in worksheet format for **each** proposed benefit change. Indicate if a particular question does not apply and use a separate page for each change you propose. We will return any incorrectly formatted submissions. ***We require the following format:***

- Describe the benefit change completely. Show the proposed brochure language, including the “How we change for 2010” section in “plain language” that is, in the active voice and from the enrollee’s perspective. Show clearly how the change will affect members. Be sure to show the complete range of the change. For instance, if you are proposing to add an in-patient hospital co-pay, indicate whether this change will also apply to in-patient hospitalizations under the emergency benefit. **If there are two or more changes to the same benefit, please show each change clearly.**
- Describe the rationale or reasoning for the proposed benefit change.

- State the actuarial value of the change, and whether the change represents an increase or decrease in (a) the existing benefit, and (b) your overall benefit package. If an increase, describe whether any other benefit offsets your proposal. Include the cost impact of this change as a bi-weekly amount for the Self Only and Self and Family rate. If there is no cost impact or if the proposal involves a cost trade-off with another benefit change, show the trade-off or a cost of zero, as appropriate.

Benefit Clarifications

Clarifications are not benefit changes. Please use Attachment III as a template for submitting benefit clarifications. Clarifications help enrollees understand how a benefit is covered. For each clarification:

- Show the current and proposed language for the benefit you propose to clarify; reference all portions of the brochure affected by the clarification. **Prepare a separate worksheet for each proposed clarification.** When you have more than one clarification to the same benefit you may combine them, but you must present the worksheet clearly. Remember to use plain language.
- Explain the reason for the benefit clarification.

Preparing Your 2010 Brochure

We will continue to use the brochure process we implemented last year. This process is a web application that uses database software. The web application will generate a 508 compliant PDF.

The *2010 FEHB Program Application User Manual* will be available June 1. In June, we will provide in-house training for all plans that did not use the tool exclusively for both printing purposes as well as for use on the FEHB website. There will be 10 separate training sessions held at OPM. We will send an email via the FEHB Carriers listserv as to the dates and times of these trainings. Please send any comments or questions pertaining to the Brochure Creation Tool to Angelo Cueto at angelo.cueto@opm.gov.

Plans are responsible for entering all data into Section 5 Benefits and updating all plan specific information in the brochure tool by September 15, 2009. Plans will be unable to make any changes on September 16, 2009 as we will lock down the tool to enable contract specialists to review PDF versions of plan brochures. If changes need to be made, we will unlock plan brochures on a case-by-case basis.

The *2010 FEHB Brochure Handbook* will be ready by June 1. Plans can download the *Handbook* from the file manager at <http://www.opm.gov/filemanager>. To receive a user name and password, please contact Angelo Cueto at (202) 606-1184 or angelo.cueto@opm.gov. If you are proposing a new option, please send Section 5 Benefits information along with your proposal. In August, we will also send you a brochure quantity form and other related Open Season instructions.

By August 11, 2009, we will issue a second version of the *2010 FEHB Brochure Handbook* with final language changes and shipping labels. We will send each plan a brochure quantity form when the OPM contract specialist approves the brochure for printing.

Attachment I: Carrier Contracting Officials

The Office of Personnel Management (OPM) will not accept any contractual action from

_____ (Carrier),
including those involving rates and benefits, unless it is signed by one of the persons named below
(including the executor of this form), or on an amended form accepted by OPM. This list of contracting
officials will remain in effect until the carrier amends or revises it.

The people named below have the authority to sign a contract or otherwise to bind the Carrier

for _____ (Plan).

Enrollment code (s): _____

Typed name	Title	Signature	Date
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

By: _____
(Signature of contracting official) (Date)

(Typed name and title)

(Phone number) _____
(FAX number)

(Email address)

Attachment II

[Insert Health Plan Name]
Benefit Change Worksheet #1
[Insert Subsection Name]

Please complete a separate worksheet for each proposed benefit change.

Section 1: Benefit Change Description

Applicable options	<input type="checkbox"/> High Option <input type="checkbox"/> Standard Option <input type="checkbox"/> HDHP
Proposed description of change for “Section 2. How we change for 2010”	Changes to the High Option <ul style="list-style-type: none">• Changes to the Standard Option <ul style="list-style-type: none">•
The reason for proposed change (brief description, see Section 5 for supporting detail)	

Section 2: Reason for change (Supporting detail)

Reason for change (supporting detail)	
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Section 3: For each proposed benefit change, answer the following questions to show how your proposal is value based:

What change in utilization do you anticipate based on the benefit change?	
How do you anticipate that this may affect health outcomes?	
Did you do an analysis of the comparative effectiveness of medical treatments that are covered under the affected benefit category?	
What evidence did you evaluate with respect to question 3? What other evidence did you evaluate?	
How do you propose to analyze the resulting impact of the benefit change?	

Section 4: Current language (Section x, page x):

[Insert Section Name]	You Pay	
	High Option	Standard Option
Benefit description language • Benefit description bullet	\$x per office visit	\$x per office visit
<i>Benefit exclusion language</i> • <i>Benefit exclusion bullet</i>	<i>All charges</i>	<i>All charges</i>

Section 5: Proposed language:

[Insert Section Name]	You Pay	
	High Option	Standard Option
Benefit description language • Benefit description bullet	\$x per office visit	\$x per office visit
<i>Benefit exclusion language</i> • <i>Benefit exclusion bullet</i>	<i>All charges</i>	<i>All charges</i>

Section 6: Type and implementation of benefit change

Is the change part of the proposed benefit package or a rider?	<input type="checkbox"/> Proposed benefit package <input type="checkbox"/> Community rider <input type="checkbox"/> Rider, but not a community rider
Is submission to a state entity required?	<input type="checkbox"/> Yes (documentation attached) <input type="checkbox"/> No Explain:
Is this benefit change linked to other changes?	<input type="checkbox"/> Yes Explain: <input type="checkbox"/> No
Percent of subscribers that have this benefit currently	x% as of [insert date]
Percent of subscribers expected to have this benefit on 1/1/2010	x%
Effective date of change for other employers	<input type="checkbox"/> 1/1/2010 <input type="checkbox"/> 1/1/2010 or upon group renewal, whichever is later <input type="checkbox"/> Other: _____

Section 7: Cost Impact

Approximate actuarial value/cost impact of change	<input type="checkbox"/> Less than \$0.01 per member per month (pmpm) <input type="checkbox"/> Subscriber Only: \$x Subscriber and Family: \$x (bi-weekly)
Affect on the existing benefit	<input type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> Other (explain):
Affect on overall benefit package	<input type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> Other (explain):

Section 8: Provider Impact

Additional providers needed	<input type="checkbox"/> Yes
Provider recruitment plan (if applicable)	<input type="checkbox"/> No (end)

Attachment #III

[Insert Health Plan Name]
Benefit Clarification Worksheet #1
[Insert Subsection Name]

Applicable options	<input type="checkbox"/> Standard Option <input type="checkbox"/> High Option <input type="checkbox"/> HDHP
Reason for the benefit clarification	

Current language (Section x, page x):

[Insert Section Name]	You Pay	
	High Option	Standard Option
Benefit description language • Benefit description bullet	\$x per office visit	\$x per office visit
<i>Benefit exclusion language</i> • <i>Benefit exclusion bullet</i>	<i>All charges</i>	<i>All charges</i>

Proposed language change:

[Insert Section Name]	You Pay	
	High Option	Standard Option
Benefit description language • Benefit description bullet	\$x per office visit	\$x per office visit
<i>Benefit exclusion language</i> • <i>Benefit exclusion bullet</i>	<i>All charges</i>	<i>All charges</i>

Attachment IV: Coverage for Therapies

Please indicate which therapies you provide for treatment of conditions related to certain diagnoses, such as autism, to the extent benefits are provided for other illnesses and conditions.

Therapy	Yes	No
•Speech therapy		
•Physical therapy		
•Occupational therapy		
•Other therapy (please describe)		

Attachment V: 2010 Organ/Tissue Transplants and Diagnoses:

Table 1: Required Coverage

I. Solid Organ Transplants: Subject to Medical Necessity	Reference
Cornea	Call Letter 92-09
Heart	Call Letter 92-09
Heart-lung	Call Letter 92-09
Kidney	Call Letter 92-09
Liver	Call Letter 92-09
Pancreas	Call Letter 92-09
Intestinal transplants (small intestine with the liver) or small intestine with multiple organs such as the liver, stomach, and pancreas	Carrier Letter 2001-18
Lung: Single/bilateral/lobar	Carrier Letter 91-08
II. Blood or Marrow Stem Cell Transplants: Not Subject to Medical Necessity. Plan's Denial is Limited to the Staging of the Diagnosis (e.g. acute, chronic).	
Allogeneic transplants for:	
Acute lymphocytic or non-lymphocytic (i.e., myelogenous) leukemia	
Chronic lymphocytic leukemia/small lymphocytic leukemia (CLL/SLL)	
Advanced Hodgkin's lymphoma	
Advanced non-Hodgkin's lymphoma	
Marrow Failure and Related Disorders (i.e., Fanconi's, PNH, pure red cell aplasia)	
Hemoglobinopathy	
Myelodysplasia/Myelodysplastic syndromes	
Severe combined immunodeficiency	
Severe or very severe aplastic anemia	
Amyloidosis	
Paroxysmal Nocturnal Hemoglobinuria	
Autologous transplants for:	
Acute lymphocytic or nonlymphocytic (i.e., myelogenous) leukemia	Call Letter 96-08B
Advanced Hodgkin's lymphoma	Call Letter 96-08B
Neuroblastoma	Call Letter 96-08B
Advanced non-Hodgkin's lymphoma	Call Letter 96-08B
Amyloidosis	
Autologous tandem transplants for:	
Recurrent germ cell tumors (including testicular cancer)	Call Letter 2002-14
Multiple myeloma	
Denovo myeloma	

III. Blood or Marrow Stem Cell Transplants: Not Subject to Medical Necessity	
Allogeneic transplants for:	
Phagocytic/Hemophagocytic deficiency diseases (e.g., Wiskott-Aldrich syndrome)	
Autologous transplants for:	
Multiple myeloma	Carrier Letter 94-23, Call Letter 96-08B
Testicular, Mediastinal, Retroperitoneal, and Ovarian germ cell tumors	Carrier Letter 94-23, Call Letter 96-08B
IV. Blood or Marrow Stem Cell Transplants: Not Subject to Medical Necessity. May Be Limited to Clinical Trials.	
Autologous transplants for:	
Breast cancer	Carrier Letter 94-23 Call Letter 96-08B
Epithelial ovarian cancer	Carrier Letter 94-23 Call Letter 96-08B
V. Mini-transplants (non-myeloablative, reduced intensity conditioning): Subject to Medical Necessity	
VI. Tandem transplants: Subject to medical necessity	

Table 2: Recommended For Coverage. Transplants Under Clinical Trials

Technology and clinical advancements are continually evolving. Plans are encouraged to provide coverage during the contract year for transplant services that transition from experimental/investigational to being consistent with standards of good medical practice in the U.S. for the diagnosed condition. Please return this worksheet with your proposal.

	Does your plan cover this transplant for 2010?	
	Yes	No
Blood or Marrow Stem Cell Transplants		
Allogeneic transplants for:		
Chronic lymphocytic leukemia/small lymphocytic leukemia (CLL/SLL)		
Hemoglobinopathies		
Early stage (indolent or non-advanced) small cell lymphocytic lymphoma		
Myelodysplasia/Myelodysplastic syndromes		
Multiple myeloma		
Multiple sclerosis		
Non-myeloablative allogeneic transplants for:		
Acute lymphocytic or non-lymphocytic (i.e., myelogenous) leukemia		
Myelodysplasia/Myelodysplastic syndromes		
Advanced Hodgkin's lymphoma		
Advanced non-Hodgkin's lymphoma		
Breast cancer		
Chronic lymphocytic leukemia		
Chronic myelogenous leukemia		
Colon cancer		
Chronic lymphocytic leukemia/small lymphocytic leukemia (CLL/SLL)		
Early stage (indolent or non-advanced) small cell lymphocytic lymphoma		
Multiple myeloma		
Multiple sclerosis		
Myeloproliferative disorders		
Non-small cell lung cancer		
Ovarian cancer		
Prostate cancer		
Renal cell carcinoma		
Sarcomas		
Sickle Cell disease		
Autologous transplants for:		
Chronic myelogenous leukemia		
Chronic lymphocytic leukemia/small lymphocytic leukemia (CLL/SLL)		
Early stage (indolent or non-advanced) small cell lymphocytic lymphoma		

	Yes	No
Small cell lung cancer		
Autologous transplants for the following autoimmune diseases:		
Multiple sclerosis		
Systemic lupus erythematosus		
Systemic sclerosis		
Sclerodema		
Scleroderma-SSc (severe, progressive)		

Table 3: Recommended For Coverage

Technology and clinical advancements are continually evolving. Plans are encouraged to provide coverage during the contract year for transplant services that transition from experimental/investigational to being consistent with standards of good medical practice in the U.S. for the diagnosed condition. Please return this worksheet with your proposal.

	Does your plan cover this transplant for 2010?	
	Yes	No
Solid Organ Transplants		
Autologous pancreas islet cell transplant (as an adjunct to total or near total pancreatectomy) only for patients with chronic pancreatitis		
Blood or Marrow Stem Cell Transplants		
Allogeneic transplants for:		
Advanced neuroblastoma		
Infantile malignant osteopetrosis		
Kostmann's syndrome		
Leukocyte adhesion deficiencies		
Mucopolipidosis (e.g., Gaucher's disease, metachromatic leukodystrophy, adrenoleukodystrophy)		
Mucopolysaccharidosis (e.g., Hunter's syndrome, Hurler's syndrome, Sanfilippo's syndrome, Maroteaux-Lamy syndrome variants)		
Myeloproliferative disorders		
Sickle cell anemia		
X-linked lymphoproliferative syndrome		
Autologous transplants for:		
Ependyoblastoma		
Ewing's sarcoma		
Medulloblastoma		
Pineoblastoma		
Waldenstrom's macroglobulinemia		

Attachment VI: Durable Medical Equipment

Please indicate which items you cover.

Item	Yes	No
Durable Medical Equipment		
•Air fluidized beds		
•Blood glucose monitors		
•Bone growth (or osteogenesis) stimulators		
•Canes (except white canes for the blind)		
•Commode chairs		
•Crutches		
•Home oxygen equipment and supplies		
•Hospital beds		
•Infusion pumps and somemedicines used in them		
•Lymphedema pumps/pneumatic compression devices		
•Nebulizers and medicines used in them		
•Patient lifts		
•Scooters		
•Suction pumps		
•Traction equipment		
•Transcutaneous electronic nerve stimulators (TENS)		
•Ventilators or respiratory assist devices		
•Walkers		
•Wheelchairs (manual and power)		
Prosthetics and Orthotics		
•Arm, leg, back, and neck braces		
•Artificial limbs and eyes		
•Breast prostheses after a mastectomy		
•Ostomy supplies for people who have had a colostomy, ileostomy, or urinary ostomy		
•Prosthetic devices needed to replace an internal body part or function		
•Therapeutic shoes or inserts for people with diabetes with severe diabetic foot disease		

Attachment VII: Checklist

Federal Employees Health Benefits Program Annual Call Letter --- Checklist

Topic	Included in Proposal
1. Quality and Value in Benefit Design – Including a description of current consumer outreach activities and how you propose to enhance them	
2. Full description of your catastrophic limit(s)	
3. Mental Health Parity benefits in accordance with the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008	
4. Revised policies regarding preventable medical errors to protect members from balanced billing	
5. Benefit Change Worksheets for each proposed benefit change (include answers to the value based benefits questions for each benefit change)	
6. Benefit Clarification Worksheet for each proposed benefit clarification	
7. Completed Organ/Tissue Transplants Tables	
8. Completed Durable Medical Equipment Checklist	
9. Completed Coverage for Therapies Checklist	

Please return this checklist with your CY 2010 benefit and rate proposal