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# FEHB Program Carrier Letter

## Experience-Rated HMOs

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

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**Letter No. 2000-43B**

**Date:** September 8, 2000

Fee-for-service [ -- ] Experience-rated HMO [ 40 ] Community-rated [ -- ]

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**SUBJECT: Amendments to the Standard Contract for Experience-Rated HMOs**

Please review the enclosed Parts I through IV of the Standard Contract for experience-rated HMOs for Contract Year 2001. New language is in **boldface** and language to be deleted is in ~~strikeout~~. We are sending you a full contract this year that will incorporate in one document all contract changes made through December 31, 2000. You should limit your review to the changes only. Please keep in mind that the FEHBAR clauses went through the regulatory process before being incorporated into the contract. Therefore, recommended changes to FEHBAR clauses will be considered for the regulatory process and the 2002 contract. So that we can consider your comments, we must receive them no later than September 29, 2000.

In Section 1.7, Statistics and Special Studies, we have deleted the reference to Appendix C, which we have reserved, and have made a general reference to instructions from OPM. OPM currently issues guidance to you through a variety of media, such as, Carrier Letters, benefits and rating instructions, and the Audit Guide, and we will continue doing so. Offices to which you should send statistics and special studies will be noted in our guidance.

We also have revised Section 1.8, Notice, to delete the reference to Appendix C and to make it clear that, unless otherwise specified in correspondence, instructions, or contract clauses, you should send written notice to your Contracting Officer.

Section 1.9, FEHB Quality Assurance, is reorganized and updated, but very little is changed. We added new sections on health care quality and reducing medical errors, and placed them up front to emphasize these new initiatives. We updated the paragraph on surveys and also stipulate that, as with survey costs, the costs you incur in collecting or contracting with a vendor to collect quality measures are your responsibility. With one exception, all of the required standards remain intact. The exception is that we now include as a standard the long-standing requirement to process ID cards for new members within fifteen calendar days of receiving the enrollment from the agency or retirement system.

In Section 1.24, Transitional Care, we added language directed at mental health and substance abuse parity that addresses situations where you must provide transitional care.

Section 2.6, Coordination of Benefits, updates the NAIC reference from "Model Guidelines for Coordination of Benefits" to "Group Coordination of Benefits Model Regulation, Rules for Coordination of Benefits." The NAIC has rewritten the Rules for Coordination of Benefits in plain language, and you will receive a copy as Appendix E when we send you your 2001 standard

contracts. We will update this FEHBAR clause in the near future to reflect the name change. The Rules for Coordination of Benefits include the Medicare coordination of benefits rules. Except as otherwise noted in your contract, we remind you to follow these rules when determining the order of benefit payments.

We revised Section 2.11, Claims Processing, to remove the reference to the year 2000, because the target date for the majority of your provider claims to be submitted electronically has passed. We replaced the term "physician" with "provider" to reflect the fact that claims are submitted by a broad range of providers that extends beyond physicians.

Section 3.1, Payments, reflects revisions made to the FEHBAR in the 3-Year DoD Demonstration Project regulations published in the Federal Register June 8, 2000.

Section 3.2, Accounting and Allowable Cost, reflects revisions made to the FEHBAR in the 3-Year DoD Demonstration Project regulations published in the Federal Register June 8, 2000.

In Section 3.10, Audit, Financial, and Other Information, the reference to Appendix C is deleted and replaced with a general reference to instructions from OPM.

Section 3.12, Taxpayer Identification Number, is a new FEHBAR clause that was published in the Federal Register on June 8, 2000. It requires you to submit information to comply with debt collection requirements of 31 U.S.C. 7701(c) and 3325(d), reporting requirements, of 26 U.S.C. 6041, 6041A, and 6050M, and implementing regulations issued by the Internal Revenue Service.

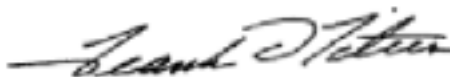
Appendix C is removed and reserved because alternative methods of collecting the information are now in place.

In Appendix E, we have updated the name to "Rules for Coordination of Benefits."

When we send you the final contract, we will update Federal Acquisition Regulation clauses that have been revised during the past year. 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 2001." Revised FAR clauses will show the date of the FAR revision.

Please forward your comments to Mary Ann Mercer at OPM or fax them to (202) 606-0633. I look forward to working with you during contract year 2001.

Sincerely,



Frank D. Titus  
Assistant Director  
for Insurance Programs

Enclosures