



United States
**Office of
Personnel Management**

Washington, DC 20415-0001

In Reply Refer To:

Your Reference:

Subject: Solicitation OPM-01-RFP-0016

To: All Interested Offerors:

The U.S. Office of Personnel Management (OPM) cordially invites you to submit a proposal that meet the requirements set forth in the attached Request for Proposals (RFP). This is an unrestricted competitive RFP for Long Term Care Insurance for active and retired Federal employees, members and retired members of the uniformed services, and their qualified relatives. The effort covers a projected base period of 7 years and an unlimited number of successive option periods.

The services will be provided under a fixed-price with prospective price redetermination contract. Award will be made to the offeror whose proposal offers the greatest overall value to OPM as determined by evaluation of the proposals in accordance with the established evaluation criteria, considering cost and other factors. Technical factors will be more important than cost factors in the source selection.

The RFP contains proposal information and evaluation criteria. Offerors are responsible for all of its requirements and any resulting contract. You should read the RFP in its entirety. Instructions for preparation of proposals are contained in Section L.

All questions regarding the RFP must be received in writing no later than Monday, July 2, 2001, at 3:00 p.m. EDT time. OPM requests offerors not to wait until the deadline to submit questions but asks that they be emailed to Andre Adams at adadams@opm.gov as early as possible. OPM shall make every effort to release written answers before the pre-proposal conference.

OPM will hold the pre-proposal conference at 1900 E Street, NW, Auditorium (Ground Floor), Washington, DC on Monday, July 9, 2001, from 1:30 to 3:30 p.m. Offerors may ask questions at the pre-proposal conference, but we strongly encourage offerors to submit questions as discussed above.

If you download this RFP from any online source, you should regularly monitor the OPM website and you should notify Andre Adams via email or fax to assure that you are placed on the source list in case solicitation amendments or other communications are issued. Please include your email address when providing notification. Amendments will be posted on the OPM website and emailed to those on the source list. Any forms that were referenced herein but could not be downloaded should be obtained from OPM before proposal submission.

Proposals are due by 3:00 p.m. EDT on August 22, 2001, as specified in Block 9 of the Standard Form 33 (SF-33) in this solicitation. OPM will not accept faxed or emailed proposals.

If you have any questions concerning this solicitation, you may contact Andre Adams, Contract Specialist, at 202-606-2492 (fax: 202-606-2492; e-mail: adadams@opm.gov). Thank you for your interest in this contracting opportunity with OPM.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank D. Titus". The signature is written in a cursive style with a large, sweeping initial "F".

Frank D. Titus
Contracting Officer

Enclosure

**U.S. OFFICE OF PERSONNEL MANAGEMENT
REQUEST FOR PROPOSALS
OPM-01-RFP-0016**

FEDERAL LONG TERM CARE INSURANCE PROGRAM (FLTCIP)

NOTICE OF UNRESTRICTED PROCUREMENT

This acquisition is an unrestricted procurement, open to both large and small businesses. The North American Industry Classification System (NAICS) code for this acquisition is 524114, Direct Health and Medical Insurance Carriers. The small business size standard for this acquisition is less than \$5.0 million in average annual sales for the preceding three years.

NOTICE OF REQUIREMENT FOR CERTIFICATION OF NONSEGREGATED FACILITIES

Offerors are cautioned as follows: By signing this offer or contract, the offeror or Contractor will be deemed to have signed and agreed to the provisions of FAR Clause 52.222-21, Prohibition of Segregated Facilities, incorporated by reference in Section I in this solicitation/contract. The certification provides that the offeror does not maintain or provide for its employees, facilities that are segregated on a basis of race, color, religion, or national origin, whether such facilities are segregated by directive or on a de facto basis. The certification also provides that the offeror does not and will not permit its employees to perform their services at any location under its control where segregated facilities are maintained and requires similar certification from subcontractors.

LISTING OF EMPLOYMENT OPENINGS

Bidders and offerors should note that this solicitation includes FAR Clause 52.222-35, Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era, incorporated by reference in Section I, which requires the listing of employment openings with the local office of the State employment service system.

INFORMATION TO OFFERORS

Offerors are reminded that information furnished under this RFP may be subject to disclosure under the Freedom of Information Act (FOIA). Therefore, all items that are confidential to business, or contain trade secrets, proprietary, or personnel information must be clearly marked. Marking of items will not necessarily preclude disclosure when OPM determines disclosure is warranted by FOIA. However, if such items are not marked, all information contained within the submitted documents will be deemed to be releasable.

QUESTIONS

Offerors are advised that any technical questions concerning this solicitation must be received at the address in Block 7 of the Standard Form 33 (SF-33) of this solicitation in writing no later than Monday, July 2, 2001, at 3:00 p.m. OPM requests offerors not to wait until the deadline to submit questions but asks that the questions be emailed to Andre Adams at adadams@opm.gov as early as possible.

NOTICE OF SOLICITATION CLOSING DATE AND TIME

All offers MUST be received in the place and by the date and time specified in Block 9 of the Standard Form 33 (SF-33) in this solicitation.

NOTICE REGARDING LATE SUBMISSIONS, MODIFICATIONS, AND WITHDRAWALS OF PROPOSALS

Your attention is called to Section L, FAR clause 52.215-1(c) and FAR 15.208 Submission, modification, revision, and withdrawal of proposals. Offers will not be considered if received after the date and time specified, unless the circumstances satisfy the standards to permit their consideration.

PART I - THE SCHEDULE

SECTION A - SOLICITATION/CONTRACT FORM

SF 33 SOLICITATION, OFFER AND AWARD

1. This contract is a rated order under DPAS (15 CFR 700) RATING: N/A

2. CONTRACT NO. _____ 3. SOLICITATION NO. OPM-01-RFP-0016

4. TYPE OF SOLICITATION [] SEALED BID (IFB) [X] NEGOTIATED (RFP)

5. DATE ISSUED
June 15, 2001

6. REQUISITION/PURCHASE REQ. NO. _____

7. ISSUED BY _____ CODE ASC:HLW

US Office of Personnel Management
Contracting Division
Room 1342
1900 E Street, NW
Washington DC 20415-7710

8. ADDRESS OFFER TO (If other than Item 7)

NOTE: In sealed bid solicitations, "offer" and "offeror" mean "bid" and "bidder"

SOLICITATION

9. Sealed offers in original and 9 copies for furnishing the supplies or services in the Schedule will be received at the place specified in Item 8, or if handcarried, in the depository located in Item 7, no later than 3:00 p.m. EDT on August 22, 2001. CAUTION-LATE Submissions, Modifications, and Withdrawals: See Section L, Provision No. 52.214-7 or 52.215-1. All offers are subject to all terms and conditions contained in this solicitation.

10. FOR INFORMATION CALL: A. NAME Andre Adams
B. TELEPHONE NO. (Include Area Code) (NO COLLECT CALLS) 202-606-2492
C. EMAIL ADDRESS adadams@opm.gov

11. TABLE OF CONTENTS See Attached Table of Contents

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STANDARD FORM 33 (REV.9-97) Prescribed by GSA FAR(48 CFR) 53.214(c)

SOLICITATION, OFFER AND AWARD

OFFER (Must be fully completed by offeror)

NOTE: Item 12 does not apply if the solicitation includes the provision at 52.214-16, Minimum Bid Acceptance Period.

12. In compliance with the above, the undersigned agrees, if this offer is accepted within 60 calendar days (60 calendar days unless a different period is inserted by the offeror) from the date for receipt of offers specified above, to furnish any or all items upon which prices are offered at the price set opposite each item, delivered at the designated point(s), within the time specified in the schedule.

13. DISCOUNT FOR PROMPT PAYMENT (See Section I, Clause No. 52.232-8) Not Applicable

10 CALENDAR DAYS 20 CALENDAR DAYS 30 CALENDAR DAYS ___ CALENDAR DAYS
_____ % _____ % _____ % _____ %

14. ACKNOWLEDGEMENT OF AMENDMENTS (The offeror acknowledges receipt of amendments to the SOLICITATION for offerors & related documents numbered and dated

AMENDMENT NO. DATE AMENDMENT NO. DATE

15A. NAME AND ADDRESS OF OFFEROR

Code:

Facility Code:

15B. TELEPHONE NO. (Include Area Code)

15C. CHECK IF REMITTANCE ADDRESS IS DIIFERENT IN SCHEDULE
[] DIFFERENT FROM ABOVE - ENTER SUCH

16. NAME AND TITLE OF PERSON AUTHORIZED TO SIGN OFFER (Type or Print)

17. SIGNATURE

18. OFFER DATE

STANDARD FORM 33 (REV.9-97) Prescribed by GSA FAR(48 CFR) 53.214(c)

SOLICITATION, OFFER AND AWARD

AWARD (To be completed by Government)

19. ACCEPTED AS TO ITEMS NUMBERED

20. AMOUNT

21. ACCOUNTING AND APPROPRIATION

To Be Supplied Upon Contract Award

22. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION:

10 U.S.C. 2304(c) ()

41 U.S.C. 253(c) ()

23. SUBMIT INVOICES TO ADDRESS SHOWN IN ITEM:

Not Applicable

24. ADMINISTERED BY N CODE

(If other than Item 7)

US Office of Personnel Management
1900 E Street, NW
Washington DC 20415

25. PAYMENT WILL MADE BY N CODE

(If other than Item 7)

See G.1., Method of Payment

26. NAME OF CONTRACTING
OFFICER (Type or Print)

27. UNITED STATES OF AMERICA
(Signature of Contract Officer)

28. AWARD DATE

IMPORTANT - Award will be made on this Form or on Standard Form 26,
or by other authorized official written notice.

STANDARD FORM 33 (REV.9-97) Prescribed by GSA FAR(48 CFR) 53.214(c)

OF 336 - CONTINUATION SHEET

CONTINUATION SHEET	REFERENCE NO. OF DOCUMENT BEING CONTINUED OPM-01-RFP-0016	PAGE
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NAME OF OFFEROR OR CONTRACTOR

ITEM NO.	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
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OPTIONAL FORM 348 (4-86) Sponsored by GSA FAR (48 CFR) 53.110

PART I - THE SCHEDULE

SECTION B - SUPPLIES OR SERVICES AND PRICE/COSTS

B.1 CONTRACT TYPE

This is a fixed-price with prospective price redetermination type contract.

B.2 PERIOD OF PERFORMANCE

The anticipated base period for this contract is October 1, 2001, through September 30, 2008. Each option period shall consist of a 7-year term. There is no limit to the number of options the Government may exercise.

B.3 COST PROPOSAL

Section C, Financial contains information related to cost. Offerors must refer to that section in developing their cost proposals.

SECTION C - DESCRIPTION/SPECIFICATIONS/STATEMENT OF WORK

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I. Background

A. Objective

The Office for Long Term Care Implementation in the U.S. Office of Personnel Management (OPM, or “we”) is issuing this Request for Proposals (RFP). This RFP solicits proposals from qualified insurance companies to offer long term care insurance coverage on a fully insured basis for Federal Government employees and annuitants, and active and retired members of the uniformed services and their qualified relatives. We wish to offer eligible persons the opportunity to enroll in a HIPAA-qualified group long term care insurance program. Enrollment will be voluntary and on an enrollee-pay-all basis. We are issuing this RFP as a result of the enactment of Public Law 106-265, creating the Federal Long Term Care Insurance Program (FLTCIP).

B. Need for Long Term Care Legislation

A steady increase in longevity and in the elderly population has led to a rise in the number of Americans likely to need some form of long term care. It is estimated that roughly 5.2 million persons age 65 or older, and 3.5 million persons ages 18 through 64, currently receive long term care assistance either in the community or in nursing homes. The need for long term care is expected to grow substantially in the future. By the year 2030, it is estimated that approximately 20 percent of our population will be age 65 or older.

Long term care is expensive. For instance, the cost of nursing home care today is already high, averaging about \$46,000 per year, or more. It will only grow in the future. Long term care insurance can provide people with affordable options ahead of time for dealing with the catastrophic expenses of nursing home care, home care, assisted living, and other forms of long term care services. Without insurance, people may have to exhaust all their income and assets to pay for long term care.

Many individuals are under the false impression that their health plan, disability insurance, or Medicare will adequately cover their long term care needs. Unfortunately, this is rarely the case. Most health insurance plans do not cover costs associated with long term care, and Medicare covers long term care only under limited circumstances. Medicaid provides coverage for long term care, but eligibility is based on income and assets. Without long term care insurance, individuals must deplete their assets, and eventually depend on Medicaid to pay the costs of long term care. Long term care insurance also helps with the emotional issues and logistical issues as well, particularly when care coordination is utilized.

Premiums for long term care insurance are typically less expensive when offered as group insurance, and for younger purchasers. Establishing a long term care insurance program for the federal community will encourage individuals to consider purchasing long term care insurance during their working years, when premiums are lower.

Long term care insurance can help people plan for the future and protect themselves from the financial risks associated with the difficult challenge of providing long term care and comfort to a loved one. By

establishing a program that offers affordable, quality long term care insurance, the Federal Government can serve as a model for other employers across the country whose employees face similar long term care needs.

The Long-Term Care Security Act will offer millions of American families the opportunity to plan their fiscal affairs responsibly. Long term care insurance will enable their loved ones to gain the security that is necessary for achieving a high quality of life even after losing the ability to function independently. The FLTCIP that results from this effort must be very competitive with individual LTC insurance plans with respect to both premiums and benefits, so that it attracts a significant number of participants in the initial enrollment.

C. Enabling Legislation

Public Law 106-265, the Long-Term Care Security Act passed both the House and the Senate unanimously with broad bipartisan support and was signed into law by the President on September 19, 2000. The Long-Term Care Security Act directs the Office of Personnel Management (OPM) to establish and administer a long term care insurance program. The FLTCIP will allow Federal employees and annuitants, current and retired members of the uniformed services, and qualified relatives to obtain long term care insurance.

The Act directs OPM, without regard to statutes requiring competitive bidding, to contract with one or more qualified companies to provide such insurance. The contractor(s) must be licensed to issue long term care insurance in all 50 states and the District of Columbia. However, it also provides the FLTCIP with specific exemption from state laws related to long term care insurance. OPM must award contracts on the basis of contractor qualifications, price, and reasonable competition; they are not automatically renewable.

The complete text of the Act is located in Appendix A. Contractors must be aware of and be prepared to comply with its requirements.

i. Potential for Consortia

The Act expressly authorizes insurers to form consortia for purposes of submitting proposals or bids to OPM and jointly underwriting coverage if selected by OPM. There are several potential advantages to joint underwriting of coverage:

- It may facilitate the availability and affordability of long-term care insurance for federal employees.
- Since the federal participant group would be larger than any group underwritten by a single Contractor today, joint underwriting may be necessary in order to underwrite the risk inherent in such a large population.
- A consortium could allow pooling of loss information enabling more accurate and favorable pricing for Federal employees.

- A consortium may be able to provide certain services more efficiently to the large population of enrollees, and also permit OPM to take advantage of the companies' different areas of expertise.

ii. Funding Mechanism

Enrollees will pay the full premiums for long-term care coverage offered pursuant to this Act. OPM has been granted access to the Employees' Life Insurance Fund for the initial expenses of implementation and administration, which will be subsequently reimbursed by the Contractor. The master contracts must require each Contractor to reimburse the Employees' Life Insurance Fund for ongoing OPM administrative expenses, including lost investment income.

During the contract period, premiums can be adjusted only by mutual agreement between OPM and the Contractor.

iii. Underwriting Standards

The Act specifically states that insurance is not guaranteed to any individual, and OPM is not required to offer long-term care insurance to those who are immediately eligible. However, OPM is not precluded from offering long term care insurance on a guaranteed issue basis, if OPM determines that it is appropriate to do so.

The Act provides OPM with the authority and flexibility to negotiate underwriting standards with the Contractors, just as it will negotiate other terms and conditions. OPM recognizes the tension between the need to screen potential enrollees and the desire to qualify as many eligible individuals as possible. Without some underwriting, premiums may be too expensive for potential enrollees, and Contractors would be less interested in participating in this program. OPM will negotiate underwriting standards that allow the greatest number of individuals to obtain long-term care policies at reasonable rates, while still containing costs. OPM also expects to use the buying power of the large federal community to make the underwriting standards as fair and reasonable as possible.

iv. Consumer Information and Reports

The Act requires OPM to ensure that each applicant has information regarding the general advantages and disadvantages of long term care insurance and any other information necessary to make an informed decision about obtaining long term care insurance. Long term care insurance can be an effective way for some individuals to plan for the future, but it is not an appropriate product for everyone. OPM recognizes the importance of providing an adequate amount of information to potential enrollees, without overwhelming them.

The Act requires the General Accounting Office (GAO) to compare the competitiveness of this program with group and individual coverage available in the private insurance market and submit written evaluations to OPM and Congress before the end of the third and fifth years of the program.

D. History of the Legislation

Numerous bills were introduced in the 106th Congress to provide long term care insurance for federal employees and annuitants, members of the uniformed services, and civilian and uniformed retirees. In an effort to achieve consensus, discussions and negotiations regarding the creation of a federal long term care insurance program were held with interested parties. These discussions included Congressional staff, representatives from the Office of Personnel Management (OPM), the Federal employee unions, the National Association of Insurance Commissioners, the Health Insurance Association of America, as well as representatives of several major insurance companies, among others. In the House, HR. 4040 emerged from these negotiations as the clear, strongly supported compromise. In the Senate, the long term care insurance provisions of S. 2420 were identical to those in its House companion measure. The bill originally passed the House on May 9, 2000 and ultimately the Senate on July 27. The President signed the bill on September 19, 2000.

E. Profile of Employees and Retirees

Appendix B contains demographic information for Federal employees and retirees, and members and retired members of the uniformed services.

F. Communication Vehicles

A number of vehicles are available to communicate with employees and annuitants about the FLTCIP. Appendix C has this information. Appendix D discusses zip code information for Federal employees and annuitants.

II. Plan Design

A. Plan Summary

<p>◆ The “Federal Family”</p>	<p>As mandated by the Long-Term Care Security Act, the Federal Long Term Care Insurance Program (FLTCIP) must be effective by October 2002. We expect the total eligible population for this insurance to exceed 20 million people. There are approximately 4 million people subject to no or abbreviated underwriting. 16 million people or more will be subject to more extensive underwriting.</p> <p>Eligible participants include:</p> <ul style="list-style-type: none"> ● Employees - Federal employees (including employees of the U.S. Postal Service and Tennessee Valley Authority, but not employees of the District of Columbia Government) and members of the uniformed services ● Annuitants - Federal retirees (who retire on an immediate annuity), retirees of the uniformed services, uniformed services reservists at the time they qualify for an annuity, and survivors receiving annuity compensation. Federal retirees receiving a deferred annuity and survivors of Federal retirees who received a deferred annuity are not currently eligible. ● Adult children (at least 18 years old, including adopted children and stepchildren) of employees and annuitants ● Spouses of employees and annuitants ● Parents, parents-in-law, and stepparents of employees <p>The Long-Term Care Security Act gives OPM authority to issue regulations to cover other relatives. We are currently considering extending the eligible population to include:</p> <ul style="list-style-type: none"> ● Parents, parents-in-law, and stepparents of annuitants ● Spouses of the adult children of employees and annuitants ● Unmarried former spouses of employees and annuitants who have submitted a qualifying court order to OPM. ● Unmarried brothers and sisters of employees and annuitants ● Adult foster children of employees and annuitants
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◆ Benefit Eligibility	HIPAA standards – unable to perform two of six ADLs, or suffering severe cognitive impairment
◆ Enrollee Choices	Each enrollee will have choices of: <ul style="list-style-type: none"> ● A maximum weekly benefit, ● A benefit period, ● The type of inflation protection, and ● A waiting period
◆ Maximum Weekly Benefit (MWB)	\$400/week up to \$2,000/week in increments of \$50
◆ Benefit Period	3-year, 5-year, or lifetime
◆ Inflation Protection	Choice of automatic compound inflation or future purchase option (default benefit)
◆ Waiting Period For Benefits	90 days of covered services (30 days available upon request at additional premium) once per lifetime
◆ Covered Services	100% of MWB for nursing home, assisted living, hospice care (whether at home or in a facility), limited respite care 100% of MWB for home care and adult day care if a care coordinator is used 50% of MWB for home care and adult day care if a care coordinator is not used Caregiver training up to one week's benefit per lifetime Appliances, special equipment, home modifications, and other products or services if specified in an approved plan of care drawn up by a care coordinator.
◆ Premiums	Employee-pay-all with no Government contribution Provision for waiver of premiums
◆ Portability	Fully portable
◆ Open Enrollment Period	Applicants may enroll by October 1, 2002. The section on Customer Service has more detail on the open enrollment period.

B. Plan Details

If a benefit is not mentioned in this Plan Details section, it does not mean the benefit is not covered. It simply means that the description in the table in section A was sufficient and no further details are needed to describe it.

➤ **Benefit Eligibility**

1. The Contractor shall determine benefit eligibility using the Health Insurance Portability and Accountability Act (HIPAA), 26 U.S.C. §7702B.
2. To qualify for benefits, a licensed health care practitioner must certify and the Contractor must approve that an enrollee:
 - a) is unable to perform, without substantial assistance from another individual, at least two of six activities of daily living (ADLs) for a period of at least 90 days due to a loss of functional capacity, or
 - b) requires substantial supervision to protect such individual from threats to health and safety to self or others due to severe cognitive impairment.
3. ADLs are those listed at 26 U.S.C. § 7702B(c)(2)(B): eating, toileting, transferring, bathing, dressing, and continence.
4. Exclusions must satisfy the provisions of the 1993 Long Term Care Insurance Model Act and Long Term Care Insurance Model Regulations promulgated by the National Association of Insurance Commissioners (NAIC Model Act and Regulations). We expect that the FLTCIP will follow the 2000 or later NAIC model.
5. Exclusions for mental and nervous conditions will not be allowed.

➤ **Maximum Weekly Benefit**

1. Reimbursement is limited to the actual charges for the services, but not to exceed the maximum weekly benefit.
2. There will be no copayments or coinsurance. Out-of-pocket costs will be limited to costs incurred in the initial waiting period and costs in excess of weekly maximums.

➤ **Benefit Period**

1. Applicants will choose one of three options for the benefit period: 3-year, 5-year, or lifetime.
2. The benefit period will be reimbursed using a “pool of money” approach, where the pool = weekly maximum multiplied by 52 weeks per year multiplied by the benefit period (years). The lifetime benefit period has an unlimited pool.

➤ **Inflation Protection**

1. Applicants will choose one of two inflation options: automatic compound inflation (5% compounded annually) or a future purchase option. If an applicant fails to indicate a choice, the default is the future purchase option.
2. For automatic compound inflation, premiums are level based on the initial issue age, despite the fact that benefits increase over time.
3. Future purchase options will be offered every other year, without individual underwriting or proof of insurability, as long as the enrollee has not passed on three prior options and is not on waiver of premium.
4. For the future purchase option, the premium for the original amount will be level based on issue age while the premium for each additional amount will be level based on the attained age at purchase of the increment.
5. The Contractor must give enrollees in the future purchase option the right to switch to automatic compound inflation at each future purchase option offering, with a corresponding premium adjustment based on attained age.
6. For the future purchase option, inaction by the enrollee at the time of a scheduled increase will trigger that increase (i.e., the increase is the default).

➤ **Waiting Period for Benefits**

1. The standard plan contains a once-per-lifetime waiting period of 90 days of covered services.
2. A 30-day option at a higher premium will be available upon an applicant's request.

➤ **Covered Services**

1. Specific covered services include:
 - a. Nursing home (skilled, intermediate, or custodial), Alzheimer's facility, assisted living facility, inpatient hospice.
 - b. Home care rendered by an appropriately licensed or certified provider, agency or non-agency, including services by a nurse, home health aide, therapist, homemaker, or in-home hospice.
 - c. Informal and family care when included in an approved plan of care, adult day care, and other community based services.
 - d. Respite care for up to 4 weeks per calendar year.
 - e. Caregiver training, up to one week's benefit.
 - f. Bed reservations, up to 4 weeks per calendar year.
2. A care coordinator will be available to facilitate access to benefits. Such care coordination will include resource and referral services to coordinate long term care services for the enrollee. To receive the benefits of the care coordination, the

enrollee must have documented the inability to perform two ADLs or the presence of severe cognitive impairment.

3. In addition, the services of a care coordinator will be made available to the non-enrolled qualified relatives of enrolled employees. Services will be provided at cost or no cost.
4. The use of the care coordinator program is strongly encouraged by the plan design, but is not required.
5. Alternate Plan of Care -- A care coordinator may approve coverage for items not explicitly listed as covered under the plan, i.e. appliances or special equipment, home modifications, etc.
6. Informal caregivers (unlicensed caregivers qualified to provide custodial care) may be used if approved by care coordinator.
7. Services from family caregivers not living with the enrollee at the time the claim begins are covered services if the enrollee uses care coordination. Payment is limited to reasonable costs for a total of 365 days.
8. The Contractor must coordinate benefits with any other applicable insurance coverage and must not duplicate Medicare, or other payments to which an insured individual is entitled. The Contractor cannot pay for care in Department of Veterans Affairs (VA) hospitals.
9. The Contractor must warrant that the coverage afforded under the master group policy issued to the FLTCIP satisfies, at a minimum, the provisions of the 2000 NAIC Model Act and Regulations.
10. The Contractor must warrant that its master group policy meets the Internal Revenue Code definitions of a "tax-qualified" contract.

➤ **Premiums**

1. Premiums are issue age premiums, guaranteed renewable, with no Government contribution.
2. Individual coverage shall be guaranteed renewable and can be canceled only for nonpayment of premiums after a grace period of not less than thirty (30) days. The Contractor shall reinstate coverage if the enrollee makes retroactive premium payments during the grace period or if the Contractor receives proof of cognitive impairment or the loss of functional capacity of the enrollee within five months of the lapse of coverage or termination, and such loss occurred before the date of lapse. The Contractor must follow NAIC third party notice rules. In no event can the Contractor's reinstatement provisions be more restrictive than what is permitted under HIPAA and the NAIC Model Act and Regulations. ‘
3. There is no Return of Premium option.

4. Waiver of premium begins after benefit eligibility has been certified and the enrollee consults an approved care coordinator. If the enrollee does not consult an approved care coordinator, premiums are waived only after the waiting period.
5. The program will include a contingent nonforfeiture benefit as defined by the 2000 NAIC Model Act and Regulations.

➤ **Portability**

1. Enrollees who separate from employment with the eligible group or who lose their affiliation to the eligible group shall continue coverage with the plan. They must pay premiums through payment arrangements made directly with the Contractor.
2. The coverage continued shall contain all the features and benefits contained in the group policy and be billed at the same rates that apply to similarly covered persons who have not separated from employment or lost their affiliation with the eligible group.
3. If the FLTCIP switches Contractors, enrollees will transfer to the new Contractor.

C. Questions and Innovations

a. Questions

1. Do you agree to each of the requirements outlined above? If you are unable or unwilling to comply in full with any of the requirements outlined above, explain any limitations or reservations or best practices. Discuss your proposed alternative in detail.
2. Describe how you would administer the caregiver training, bed reservation, and alternative plan of care benefits. List any restrictions that would apply to these benefits.
3. Explain how you would coordinate benefits to prevent duplication of benefits. Provide examples.
4. Identify the inflation index you propose for determining the amount of each future purchase option and explain why you chose it.
5. What is your company policy regarding upgrades or downgrades in coverage? What do you propose for upgrades and downgrades for the FLTCIP? Does that proposal differ from your company policy and if so, how and why?
6. What are your exact procedures for determining when someone meets ADL or cognitive impairment requirements? Provide an ADL evaluation example and an example of a cognitive impairment evaluation. Also provide excerpts from your assessment manual.
7. What are your capabilities for providing coverage/benefits to persons residing outside the U.S.? Do you have service in Puerto Rico and in all of the U.S.

territories? Specify each country where you provide services and what services will be paid if the enrollee is either living in that country and/or receives services there. How will you increase your capacity to handle services outside the United States (The U.S. includes all 50 states, District of Columbia and territories)?

8. Do you propose a war exclusion? If yes, provide the exact language you propose and an example of how it would work.
9. We are interested in offering Partnership products in California, Connecticut, Indiana and New York.
 - a. How would you envision doing this, in terms of:
 - Marketing it?
 - Pooling (or separating) the risks?
 - Product design (how do you propose changing the FLTCIP design to conform as a Partnership product in those states)?
 - b. Would you be willing to offer a regular Partnership product in those four states (if you don't already), outside of the FLTCIP for people who would be better served with a regular Partnership product instead?

b. Innovation

The large size of this program coupled with its preemption from individual State long term care insurance rules allows for some unique innovations.

In addition to quoting premiums for the above basic benefits and options, you can offer any other options and features which may be unique to your company, or which you feel would be advantageous to the FLTCIP. We will use these options and/or features to gauge your sense of innovation, and your knowledge of the long term care industry. If you are the successful Contractor, we may include the options and/or features that you propose, if cost effective and desirable, in the final plan design. However, we will not award a contract based solely on proposals for an alternative design.

Answer each of the questions below in this section on Product Design AND ALSO provide a copy of the questions and your answers in your separately bound response to the Financial section.

1. If you offer an innovative benefit design, provide details of the design and indicate the estimated impact on premiums.
2. We intend to offer inflation protection at appropriate levels. We have set automatic compound inflation at 5% per annum. Do you propose a different rate? If so, provide the amount, the rationale, and the effect on premium. Other than the two inflation protection approaches already described, do you propose any other approach? If so, why and what would be the effect on premium? We intend to cover home care and adult day care at 100% of the MWB with the use of a care coordinator. We invite you to suggest a different percentage (e.g. 60%, 65%, and

75%) and/or different approach. Include an explanation of your alternative proposal and the effect on premiums.

3. The Federal Government employs a high percentage of persons with self-reported disabilities (about 7% of the workforce.) FLTCIP intends to cover or provide service to as many people as possible. Thus, we expect you to offer innovative products, services, and underwriting approaches to achieve this goal. We understand that the premiums for the nonstandard offerings to employees, or their spouses, who are declined may differ from premiums for the standard policies, but they need not be self-sufficient. You must include them in the same risk pool as the standard policies.
 - a. Specify the non-standard policies that you propose to offer to declined employees or their spouses. Exactly how would they differ from the standard policy in terms of benefits and/or premiums?
 - b. Under what circumstances do you propose issuing non-standard policies to segments of the populations **other than** employees or their spouses who are declined (i.e., annuitants, etc.)? Our intention is that the issuance of non-standard policies to non-employee populations would **not** affect the premiums for standard policies. Thus, non-standard policies for populations other than employees or their spouses would constitute a separate risk pool for rating purposes.
 - i. Specify the non-standard policies that you propose to offer to declined non-employees.
 - ii. Exactly how would they differ from the standard policy and the declined-employee non-standard policy in terms of benefits and/or premiums?
 - c. If **an employee or employee's spouse** is not eligible for either a standard or non-standard insurance policy, the Contractor will, at a minimum, offer a policy that provides access to care coordination services only. Do you offer this type of policy now? Do you propose also offering it to annuitants or other qualified relatives who do not pass underwriting?
4. We are open to innovative suggestions for spousal benefits. They may include a spouse discount, an offering of a combined pool of money, or other optional benefits. What spousal benefits do you propose, if any, and why? What impact would these benefits have, if any, on premiums?
5. The plan design calls for waiving premiums during the waiting period once benefit eligibility has been certified and the enrollee contacts a care coordinator. Do you see this approach adding to costs or adverse selection? Are there claims savings that offset these costs? What other approaches do you propose? Why? What has been your experience with the alternative approach(es) you propose?

III. Contractor Information

A. Requirements

1. The Contractor may be a single insurance company or be comprised of more than one insurance company, or other entities, aligned together to respond to this RFP.
2. By the time of the contract award, the successful Contractor must be licensed to sell insurance in all 50 states and the District of Columbia. In the case of a Contractor comprised of more than one company, the licensure requirement can be met by the companies collectively.
3. Relationships with subcontractors, partners or members of a joint contracting entity cannot be exclusive. This means that each company is free to enter into more than one bidding relationship and/or contracting arrangement with us, at the outset of this contract as well as in any re-competition.

B. Questions

Part 1

Each contracting entity must complete this part in relation to the entire entity.

1. Identify each company that will play a significant role in meeting the requirements of this RFP and the specific responsibilities that each will have.
2. Specify the legal relationship that each will have, one to another, if applicable, and/or each to the contracting entity, including the extent of the legal commitment that existed at the time you responded to this request and current or prior relationships that have existed in the delivery of a long term care insurance program.
3. Discuss each company's respective strengths and capabilities to deliver the services and meet the responsibilities identified.
4. Describe how the entity responsible for meeting the requirements of this RFP will be managed at the corporate level, e.g. board of directors, partnership etc. Where will the contracting entity be legally domiciled?
5. Provide the names, experience, education, and accomplishments (related to their FLTCIP roles) of the key personnel who will be responsible for the overall management of the FLTCIP as well as various components of the FLTCIP, such as marketing, education, enrollment, care management, claims, customer service, overall project, etc. If you haven't designated an individual yet, identify and describe the company(ies) from which you will seek that individual. If we have an oral presentation, these are the individuals that should be present.

Part 2

Each company financially at risk in the contracting entity must answer the following questions and provide the following information separately for each individual company:

1. What is your company's name and State of domicile?
2. What is the nature and extent of the risk you propose to assume for the FLTCIP?
3. What services you will be providing to the FLTCIP, if any?
4. Provide proof of your financial capacity and capabilities to undertake and successfully complete your portion of the contract. An audited financial statement, including management reports, and annual reports for the three most recent fiscal years and current bank reference(s) are acceptable. Include a copy of the most recent certified audit by an independent outside auditor. Disclose your current and two prior financial ratings from A.M.Best, Moody's, Standard and Poors, and Weiss, as applicable. If your rating(s) deteriorated, explain why.
5. Provide the outcome, year, jurisdiction and case citations of any lawsuits that have been filed against your company for any aspects of your long term care insurance program.
6. Describe any regulatory or administrative actions taken against your company with respect to any aspects of your long term care or other insurance programs.
7. Provide information related to your organization and other information demonstrating your capability of assuming this risk. This should include, but is not limited to:
 - a. Names and telephone numbers of references evidencing your qualifications and capabilities.
 - b. An organizational chart showing your entire organizational structure, highlighting which part of that structure would be involved with the FLTCIP. If known, identify the names and titles of management, supervisory and other key personnel or account team members that will be assigned to this contract. Identify the percentage of time that each will dedicate to the FLTCIP.
 - c. If known, a list of back-up staff who may work on the FLTCIP to help or replace key individuals assigned to service and manage the account.
 - d. Net assets, stop loss, reinsurance, and/or parent company arrangements that have been made to assure that funds will be available to meet the obligations incurred under this contract.

Part 3

Each entity must answer the applicable questions as a separate entity with a summary referring to the joint entity:

1. For your largest group long term care insurance contract in force, describe how you implemented and are managing underwriting, reporting administration, education and marketing, customer service and care coordination. Also include statistics on that group's lapse rate. Be specific in all descriptions. For example, did you perform the underwriting in house or subcontract it, who did the marketing, what outside resources were called upon, and so forth.

2. Provide the total amount of long term care premium (in dollars) in force for your company and the number of covered lives, as specified in the chart, for year end 1998, 1999 and 2000. You should also use this chart if you are an organization handling administrative services only (e.g., self-insured) contracts and are not at risk.

	1998	1999	2000
a. Total Employer Group LTC Insurance			
(i) Premiums or premium equivalents in force			
(ii) Number of covered employee lives			
b. Total OTHER Group LTC Insurance			
(i) Premiums in force			
(ii) Number of covered lives			
c. Total Individual LTC Insurance			
(i) Premiums in force			
(ii) Number of covered lives			
d. Total Group and Individual LTC Insurance			
(i) Premiums in force			
(ii) Number of covered lives			

3. Provide information as specified in the chart below about the number of group accounts you service.

	1998	1999	2000
a. Total Employer Group LTC Insurance			
(i) Number of group accounts serviced			
(ii) Average account size (# of covered lives)			
b. Total OTHER Group LTC Insurance			
(i) Number of group accounts serviced			
(ii) Average account size (# of covered lives)			
c. Total of all Groups			
(i) Number of group accounts serviced			
(ii) Average group size (# of covered lives)			

IV. Financial

Special Note: In your separately bound reply to this Financial section, you must also include **copies** of the applicable financial questions and your corresponding answers from the innovation section of the Plan Design section, the Underwriting section, and any other applicable financial questions elsewhere in this Statement of Work.

A. General

a. Requirements

1. The FLTCIP will be fully insured with enrollees paying the full cost. The Contractor will not secure any payment from the FLTCIP, either for marketing/ongoing expenses or for program losses due to inadequate assumptions. The Contractor will be solely responsible for collecting premiums. OPM is not liable for nonpayments or insufficient funds, if any. The plan inception date will be no later than October 1, 2002.
2. The plan year will begin every October 1 thereafter.
3. By legislation, the Contractor must account for the experience of the FLTCIP separately from that of other groups that the Contractor insures. The Contractor must account for an Experience Fund, as described below under Section IV.E. The FLTCIP funds will not be available for any obligations other than those associated with the FLTCIP.
4. The Long-Term Care Security Act specifies that the Employees' Life Insurance Fund is available for reasonable expenses incurred by OPM in administering the FLTCIP before the start of the 7 year term, including reasonable implementation costs. Assume an expenditure of \$2 million for fiscal year 2001 (September 2000 – September 30, 2001), and \$1 million per year thereafter, increasing by 5 percent each year.

b. Questions

1. Do you agree to each of the requirements outlined above? If you are unable or unwilling to comply in full with any of the requirements outlined above, explain any limitations or reservations or best practices. Discuss your proposed alternative in detail and its impact on premiums.

B. Actuarial Assumptions and Loss Ratios

a. Requirements

1. While rates will not be “guaranteed” to enrollees, we expect that premiums will remain stable indefinitely, with no premium increases. The Contractor will be held to the NAIC standard for rate adequacy. Thus, we will ask the Contractor to certify that they have priced to “moderately adverse” conditions.

2. We anticipate that expenses, claims, lapse and investment income assumptions will contain some margins for adverse deviations, but that an explicit profit margin will be built into the premiums and disclosed to OPM.
3. We also anticipate that actual expenses, claims, lapses and investment income will be accounted for separately for the FLTCIP and that annual comparisons of actual to expected will be performed to ensure rate adequacy.
4. We expect that issue and marketing expenses for rate determination purposes will be amortized over the average lifetime of initial enrollees, as negotiated. Provision will be made for the return of unamortized initial expenses in the calculation of the funds that remain with the Contractor if the policy transfers to a new Contractor.

b. Questions

1. Do you agree to each of the requirements outlined above? If you are unable to comply in full with any of the requirements outlined above, explain any limitations or reservations and also discuss your proposed alternative in detail.
2. Fill out Table 1, providing all administrative expense factors used in pricing. Provide these factors based on the average cost expected per enrollee, using your best estimate of the number of enrollees and the distribution of enrollees by age, risk class, etc (consistent with demographics you provide later in this section.) Complete a separate Table 1 for each of the following two underwriting assumptions:
 - a. Modified guaranteed issue for employees (short form for employees' spouses and full underwriting for all others), and
 - b. Short form for employees (short form for employees' spouses and full underwriting for all others).

	TABLE 1^a					
	Administrative Expenses					
	First Contract Year			Renewal Years (ongoing maintenance)		
	\$ Per Enrollee	% of Premium	% of Claims	\$ Per Enrollee	% of Premium	% of Claims
Underwriting ^a				e	e	
Marketing ^b						
Issue ^b				e	e	
Maintenance						
Overhead Allocation						
Claims Admin/ Care Coordination ^c						
-NH and ALF	\$ per claim approved					
-Other	\$ per claim approved					
Premium Taxes ^d						
Other Start-up ^b						

- a. Provide details in question 4 below. Express costs per policy issued (presuming that spouses get separate policies). Note that underwriting scenarios are defined further in Section V, and apply only to underwriting used for employees or their spouses.
- b. Provide details in question 5 below.
- c. Provide details in question 6 below. For claims administration/care coordination, provide the ongoing cost for administering a claim (as a dollar amount per claim) for the first year of the claim and subsequent years, rather than the first contract year and renewal years as shown in Table 1.
- d. This also includes local taxes, fees and guaranty association assessments, if applicable.
- e. First year after issue of each certificate. Applied to new issues only.

3. You may propose a one-time flat amount for start-up costs. State the amount, if any, and explain how this charge is built-in to the premiums in Table 1.
4. Expenses may be significantly lower per enrollee than expected due to high enrollment. If this happens, how would you reflect it in the premiums? Be specific.
5. Table 2 provides the details of how you developed the expected underwriting expense in Table 1, based on the expected distribution of underwriting tools used and the expected cost of such tools. Provide three versions of Table 2:
 - a. For employees and their spouses only, assuming modified guaranteed issue for employees and short form for employees' spouses;
 - b. For employees and their spouses only, assuming short form for both ‘
 - c. For the other groups (primarily annuitants), which are all fully underwritten

Issue Age	TABLE 2 Underwriting Tools Underwriting Scenario: (identify each of the three versions)										
	Application Review		Phone Interview		Face to Face		Medical Records		Other		Total Cost Estimate
	Cost	% of Use	Cost	% of Time Used	Cost	% of Time Used	Cost	% of Time Used	Cost	% of Time Used	
40											
50											
60											
70											
80											
Average-All Ages											*

* Note: Express in terms of expense per application. Also provide reject/not taken rates used to convert to an expense per issue basis, which should then tie to the underwriting expense shown in Table 1.

6. Show the details of how you developed the marketing/issue costs per enrollee shown in Table 1. This demonstration should include your estimates of total dollars to be spent on the initial education and enrollment campaign, costs of enrollment packages, printing, mail, web site development, videos, etc. and your estimate of the number of assumed populations of eligibles/applicants/

enrollees as appropriate. It should also detail your expected administrative cost per policy issued (data entry, customer service inquiries, IVR, and web support, etc.) and should disclose any anticipated acquisition costs. Specify any other anticipated start-up costs and repayments to the Employees’ Life Insurance Fund that are included in any way in pricing. How are you amortizing the marketing expenses?

7. What costs, if any, do you agree to not charge against this contract for competitive reasons? Be specific.
8. In Table 3, provide the details of how you developed the claim administration and care coordination expenses (i.e., care plan development, and management) in Table 1. Provide Table 3 twice – once for institutional care (nursing home and assisted living facilities) and once for other care. What rate of inflation did you apply? If you are proposing care management services in lieu of non- standard insurance for declined active employees or their spouses, detail the cost and services you propose (before any subsidization from standard policies).
 - a. Indicate how you weighted or combined the costs you show separately for institutional and other care for pricing purposes.
 - b. Explain how you converted the total cost per claim to a percent of claims, percent of premium, or \$/policy for Table 1. Note that any offerings to declinations other than active workers or their spouses are not to receive cross subsidies from the overall risk pool.

TABLE 3							
Claim Administration/Management Tools							
Claimant Age	1. Claims Assessment	2. Care Plan Development	3. Reassessment/ Monitoring		4. Claim Payment (Maintenance)	TOTALS	
			Expected Number Per Claim	Cost		First Year of Claim *	Subsequent Years**
40							
50							
60							
70							
80							
Average- All Ages							

*Add up #1 and #2 and any applicable expenses from #3 and #4.

** Add up any applicable expenses from #3 and #4.

9. For pricing, assume that the 1983 GAM (with no selection) will be the basis for mortality. Develop your voluntary lapse assumptions so that the total termination rate is appropriate for your company. Provide your voluntary lapse assumptions in Table 4. If you expect lapse rates to vary by any other factors (risk class, sex, attained age, employment status, etc.), provide these as well.

TABLE 4					
Voluntary Lapse Rates					
Issue Age:*					
Policy Year*	<50	50-59	60-69	70-79	80+
1					
2					
3					
4					
5					
6					
7					
8					
9					
10+					

* Note: Substitute whatever issue age and duration breakdowns are necessary in order to fully describe your assumptions.

10. In Tables 5A, 5B and 5C, provide annual ultimate incurred claims costs (discounted at 0%) by attained age for the base plan as described in the section on Plan Design and below:

- 90-day waiting period
- 3-year, 5-year, and lifetime benefit period
- (1) future purchase option with no future increases while on claim, and (2) 5% automatic increase inflation option (note: only inflation after incurral, throughout the claim continuance curve, should be included)
- 100% comprehensive nursing home and home care policy (home care paid at 50% if the care coordinator is not used)
- \$700/weekly benefit maximum at time of claim.

TABLE 5A \$700/wk. Annual Claim Costs 3-year Benefit Period				
Attained Age	Future Purchase Option		Compound Increase	
	Male	Female	Male	Female
30				
35				
40				
45				
50				
55				
60				
65				
70				
75				
80				
85				
90				
95				
100				
105				

TABLE 5B \$700/wk. Annual Claim Cost 5-year Benefit Period				
Attained Age	Future Purchase Option		Compound Increase	
	Male	Female	Male	Female
30				
35				
40				
45				
50				
55				
60				
65				
70				
75				
80				
85				
90				
95				
100				
105				

TABLE 5C \$700/wk. Annual Claim Cost Lifetime (unlimited) Benefit Period				
Attained Age	Future Purchase Option		Compound Increase	
	Male	Female	Male	Female
30				
35				
40				
45				
50				
55				
60				
65				
70				
75				
80				
85				
90				
95				
100				
105				

11. In Table 5D, provide claim incidence rates.
 - a. State the denominator for the incidence rates (e.g., total in-force or nonresident in-force, etc.)
 - b. State how you adjusted the incidence rates for inflation options and lifetime maximums.

TABLE 5D Claim Incidence Rate \$700 per Week Lifetime (unlimited) Benefit Period				
Attained Age	Facility		Home Care	
	Male	Female	Male	Female
30				
35				
40				
45				
50				
55				
60				
65				
70				
75				
80				
85				
90				
95				
100				
105				

12. In Table 5E, provide the average length of claim.
 - a. State the impact of salvage – the difference between the weekly maximum benefit and the expected weekly benefit.
 - b. State how you adjusted average lengths of stay for inflation options and lifetime maximums.

TABLE 5E Average Length of Claim (in calendar days) \$700 per week Lifetime (unlimited) Benefit Period				
Attained Age	Facility		Home Care	
	Male	Female	Male	Female
30				
35				
40				
45				
50				
55				
60				
65				
70				
75				
80				
85				
90				
95				
100				
105				

13. Continuance tables for nursing home stays and noninstitutional disability days are published in the literature. Nursing home continuance tables are published in the Transactions of the Society of Actuaries, 1988-89-90 Reports under the “Report of the Long-Term Care Experience Committee, 1985 National Nursing Home Survey Utilization Data.”

The table on the next page is a replication of “Table 17, Proportion of Days After the Period Shown; Insurable Stays; Benefit Period Concept; Adjusted to Match 1985 NNHS Residents.”

- a. State if you use this table (and the corresponding table for females) as the continuance tables in pricing facility benefits. Do you use another table from the same publication?
- b. If you use another continuance table, provide a copy of the table that you use.
- c. State how you adjust the factors in these tables for any pricing calculations. Be specific.

**Table 17. Proportion of Days After the Period Shown;
Insurable Stays; Benefit Period Concept; Adjusted to Match 1985
NNHS Residents**

Males							
Days From Admission	Age at Admission						
	<45	45-54	55-64	65-74	75-84	85-94	95+
0	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
10	0.9878	0.9844	0.9839	0.9786	0.9707	0.9711	0.9590
20	0.9773	0.9713	0.9705	0.9607	0.9470	0.9480	0.9243
30	0.9672	0.9589	0.9580	0.9442	0.9253	0.9270	0.8926
60	0.9396	0.9245	0.9243	0.9003	0.8689	0.8703	0.8092
90	0.9156	0.8949	0.8949	0.8626	0.8210	0.8208	0.7433
121	0.8937	0.8675	0.8678	0.8283	0.7776	0.7753	0.6878
151	0.8746	0.8432	0.8438	0.7985	0.7400	0.7357	0.6429
182	0.8565	0.8195	0.8208	0.7701	0.7044	0.6983	0.6033
212	0.8401	0.7976	0.7999	0.7444	0.6724	0.6648	0.5698
243	0.8242	0.7757	0.7795	0.7192	0.6413	0.6326	0.5391
273	0.8095	0.7551	0.7607	0.6959	0.6128	0.6032	0.5124
304	0.7949	0.7343	0.7420	0.6727	0.5848	0.5745	0.4872
334	0.7813	0.7147	0.7248	0.6509	0.5589	0.5480	0.4647
365	0.7678	0.6949	0.7077	0.6291	0.5333	0.5218	0.4430
547	0.6971	0.5925	0.6210	0.5134	0.4039	0.3856	0.3345
730	0.6395	0.5166	0.5530	0.4189	0.3044	0.2741	0.2393
912	0.5897	0.4583	0.4935	0.3408	0.2314	0.1906	0.1591
1095	0.5420	0.4063	0.4359	0.2721	0.1793	0.1328	0.1098
1277	0.4951	0.3609	0.3839	0.2148	0.1415	0.0931	0.0838
1460	0.4480	0.3209	0.3406	0.1683	0.1117	0.0640	0.0652
1642	0.4012	0.2829	0.3025	0.1290	0.0885	0.0427	0.0481
1825	0.3544	0.2490	0.2653	0.0941	0.0704	0.0269	0.0314
2190	0.2710	0.1988	0.2000	0.0474	0.0432	0.0069	0.0124
2555	0.2056	0.1561	0.1498	0.0245	0.0256	0.0006	0.0076
2920	0.1543	0.1204	0.1107	0.0131	0.0148	0.0000	0.0054
3285	0.1143	0.0914	0.0803	0.0073	0.0084	0.0000	0.0040
3650	0.0834	0.0682	0.0569	0.0042	0.0048	0.0000	0.0031
4015	0.0598	0.0502	0.0391	0.0026	0.0027	0.0000	0.0023
4380	0.0421	0.0364	0.0259	0.0016	0.0016	0.0000	0.0017
4745	0.0292	0.0261	0.0166	0.0011	0.0009	0.0000	0.0012
5110	0.0199	0.0185	0.0102	0.0007	0.0006	0.0000	0.0007
5475	0.0134	0.0131	0.0062	0.0005	0.0004	0.0000	0.0003
5840	0.0091	0.0092	0.0037	0.0003	0.0002	0.0000	0.0000
6205	0.0061	0.0064	0.0022	0.0002	0.0001	0.0000	0.0000
6570	0.0040	0.0045	0.0013	0.0001	0.0001	0.0000	0.0000
6935	0.0027	0.0030	0.0008	0.0001	0.0000	0.0000	0.0000

7300	0.0017	0.0020	0.0005	0.0001	0.0000	0.0000	0.0000
7665	0.0011	0.0013	0.0003	0.0000	0.0000	0.0000	0.0000
8030	0.0006	0.0008	0.0001	0.0000	0.0000	0.0000	0.0000
8395	0.0003	0.0004	0.0001	0.0000	0.0000	0.0000	0.0000
8760	0.0001	0.0002	0.0000	0.0000	0.0000	0.0000	0.0000
9125	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

14. Continuance tables for noninstitutional disability days are published in the Transactions of the Society of Actuaries, Volume XLVII, 1995 under the article “Long-Term Care Insurance Valuation Methods, Society of Actuaries Long-Term Care Insurance Valuation Methods Task Force.” The table on the next page is a replication of “Table 15, Noninstitutional Disability Days by ADL / CI Status and Duration from Incurral; ADLs: 2; CI: Yes; Sex: Males.”

- a. State if you use this table (and the other tables for specified ADL / CI statuses, along with the corresponding tables for females) as the continuance tables in pricing noninstitutional benefits. Do you use another table from the same publication?
- b. If you use another continuance table, provide a copy of the table that you use.
- c. State how you adjust the factors in these tables for any pricing calculations. Be specific.

Table 15.
Noninstitutional Disability Days by ADL/CI Status and
Duration From Incurral; ADLs: 2; CI: Yes; Sex: Male

Duration (months)	Percentage of Noninstitutional Days beyond Duration													
	Incurral Age													
	37	42	47	52	57	62	67	72	77	82	87	92	97	102
0	0.37	0.32	0.41	0.63	0.93	1.28	1.66	2.04	2.37	2.64	2.81	2.86	2.74	2.44
1	0.36	0.32	0.41	0.62	0.92	1.27	1.64	2.00	2.32	2.57	2.70	2.67	2.53	2.20
2	0.36	0.31	0.41	0.62	0.90	1.25	1.61	1.97	2.27	2.50	2.59	2.50	2.34	1.99
3	0.36	0.31	0.41	0.61	0.89	1.23	1.59	1.93	2.22	2.43	2.49	2.33	2.16	1.80
4	0.36	0.31	0.41	0.61	0.88	1.21	1.56	1.90	2.17	2.36	2.39	2.18	1.99	1.62
5	0.36	0.31	0.41	0.60	0.87	1.20	1.54	1.86	2.13	2.30	2.29	2.04	1.84	1.47
6	0.36	0.31	0.41	0.60	0.86	1.18	1.51	1.83	2.08	2.23	2.20	1.91	1.70	1.32
7	0.36	0.31	0.40	0.59	0.84	1.16	1.49	1.80	2.04	2.17	2.11	1.78	1.56	1.20
8	0.36	0.31	0.40	0.59	0.83	1.15	1.47	1.77	1.99	2.11	2.03	1.66	1.44	1.08
9	0.35	0.31	0.40	0.58	0.82	1.13	1.45	1.74	1.95	2.05	1.95	1.56	1.33	0.98
10	0.35	0.31	0.40	0.58	0.81	1.11	1.42	1.71	1.91	2.00	1.87	1.45	1.23	0.88
11	0.35	0.30	0.40	0.57	0.80	1.10	1.40	1.68	1.87	1.94	1.79	1.36	1.14	0.80
12	0.35	0.30	0.40	0.57	0.79	1.08	1.38	1.65	1.83	1.89	1.72	1.27	1.05	0.72
15	0.35	0.30	0.39	0.55	0.76	1.04	1.31	1.56	1.71	1.72	1.51	1.03	0.81	0.52
18	0.34	0.30	0.39	0.53	0.73	0.99	1.25	1.47	1.60	1.57	1.32	0.83	0.63	0.37
21	0.34	0.29	0.38	0.51	0.70	0.95	1.19	1.39	1.49	1.44	1.16	0.67	0.49	0.27
24	0.33	0.29	0.38	0.49	0.67	0.91	1.13	1.31	1.40	1.31	1.01	0.55	0.38	0.20
27	0.33	0.29	0.38	0.47	0.64	0.87	1.07	1.24	1.31	1.20	0.89	0.44	0.30	0.14
30	0.33	0.28	0.37	0.46	0.62	0.84	1.02	1.17	1.22	1.09	0.78	0.36	0.23	0.10
33	0.32	0.28	0.37	0.44	0.59	0.80	0.97	1.11	1.14	1.00	0.68	0.29	0.18	0.07
36	0.32	0.28	0.36	0.42	0.57	0.77	0.92	1.05	1.07	0.91	0.59	0.23	0.14	0.05
48	0.31	0.27	0.35	0.37	0.47	0.62	0.71	0.78	0.75	0.58	0.32	0.09	0.05	0.01
60	0.29	0.25	0.33	0.32	0.39	0.51	0.55	0.58	0.53	0.37	0.17	0.04	0.02	0.00
72	0.28	0.24	0.32	0.27	0.32	0.41	0.43	0.43	0.37	0.24	0.09	0.01	0.01	0.00
84	0.27	0.23	0.31	0.24	0.26	0.33	0.33	0.32	0.26	0.15	0.05	0.01	0.00	0.00
96	0.26	0.22	0.29	0.20	0.22	0.27	0.26	0.24	0.18	0.10	0.03	0.00	0.00	0.00
108	0.25	0.21	0.28	0.18	0.18	0.22	0.20	0.18	0.13	0.06	0.01	0.00	0.00	0.00
120	0.24	0.20	0.27	0.15	0.15	0.18	0.15	0.13	0.09	0.04	0.01	0.00	0.00	0.00

15. How do you convert your male/female rates to unisex rates for pricing purposes? For example, do you base the conversion on assumed sales distribution at each issue age and mortality lapse decrements? If so, state assumed percentage sales by sex. Do you base the conversion on a weighted average of male and female rates? If so, state the weights. Etc.
16. In Table 6, provide the durational selection factors you applied to the ultimate claim costs to reflect the effect of underwriting. Also, provide the expected mix by class, to get to a resulting overall set of selection factors by age. (Note: Do **not** incorporate the durational impact of the inflation options but **do** incorporate any durational impact of any effect used in pricing, such as antiselection on lapse, “salvage” – the difference between expected weekly costs and the weekly maximum, etc. Be explicit about these assumptions).

TABLE 6 Durational Selection Factor Underwriting Scenarios: (GI, MGI, or Short Form)* Issue Age:**							
Policy Year**	Employee	Expected %	Spouse	Expected %	Other	Expected %	Average
1							
2							
3							
4							
5							
6							
7							
8							
9							
10+							

* Repeat this table three times, once for each employee underwriting scenario. Also provide it for each issue age for which selection assumptions vary.

** Provide as many issue age groupings and durations as necessary.

17. Fill out Table 7 (repeat it three times, for each employee underwriting scenario). Calculate all items at the present value (use your pricing interest rate) over the lifetime of one average enrollee.

TABLE 7	
Present Value Calculations	
Lifetime*	Present Value
Premiums	100.0%
Total Income Used in Pricing	
Claims Incurred	
Underwriting Expense	
Marketing/Issue Expense/ Start-up	
Claims Expense	
Admin/Other Expense	
Premium Taxes**	
Total Outgo	
Pre-Tax Profit Margin	

* Perform calculations to the end of the 1983 GAM Table.

** Also include local taxes, fees and guaranty association assessments, if any.

18. Clarify what portion, and which, of the claim expenses from Table 1 are included in the loss ratio in Table 7. Is the balance of the claims expenses from Table 1 reflected in the claim expense ratio in Table 7?
19. Provide the issue demographics that you assumed in preparing Table 7. Provide assumptions by issue age, sex, and risk/underwriting class (employee, spouse, other) and any other categories, if applicable.
20. Provide your anticipated claims ratio (calculated consistent with Table 7) by policy year for the first 10 years. Also, provide the expected first 10 policy years and lifetime loss ratios by issue age for ages 40, 50, 60, 70, & 80.

C. Premium Rates

a. Requirements

1. We expect that premiums proposed for this program will be 15-20% below comparable premiums in the individual market for single, standard risks. We believe that this is achievable due to the efficiencies in marketing to a large group (in particular, the removal of most or all agent commissions, the ability to use existing communication avenues, and debit and payroll deduction payment authorizations).
2. At the same time, it is important that premiums be stable. As discussed in the next section of this RFP, we are considering various underwriting strategies for

actively-at-work employees. We are prepared to adjust the final underwriting methods if necessary to achieve the proper balance between premium levels and stability.

b. Questions

1. Do you agree to each of the requirements outlined above? If you are unable or unwilling to comply in full with any of the requirements outlined above, explain any limitations or reservations or best practices. Discuss your proposed alternative in detail and its impact on premiums.
2. In Tables 8A and 8B, provide premium rates for the FLTCIP as outlined in this document for two separate underwriting scenarios for active employees: modified guaranteed issue, and short-form underwriting (as defined in the Underwriting section). For each scenario, for pricing purposes, assume short form underwriting for actively-at-work spouses and full underwriting for all other non-employee, non-spouse groups. If the rates for policies that have \$1,000 or \$1,500 per week (for example) are not simple multiples of \$700/week rates, provide separate tables for them.

TABLE 8A Proposed Federal Long Term Care Insurance Program Rates Monthly Rate Per Insured \$700/week Nursing Home and ALF and \$700/week Home Care Benefit* Modified Guaranteed Issue						
Benefit Option: 90-Day Elimination Period 3-Year (1,095 day) Benefit Period			Benefit Option: 90-Day Elimination Period 5-Year (1,825 day) Benefit Period		Benefit Option: 90-Day Elimination Period Unlimited Benefit Period	
Issue Age	Future Purchase Increase	Compound Increase	Future Purchase Option	Compound Increase	Future Purchase Option	Compound Increase
30						
35						
40						
45						
50						
55						
60						
65						
70						
75						
80						

* The home care benefits are reimbursed at a maximum of \$350 per week if the care coordinator is not used.

TABLE 8B Proposed Federal Long Term Care Insurance Program Rates Monthly Rate Per Insured \$700/week Nursing Home and ALF and \$700/week Home Care Benefit* Short-Form Underwriting						
Benefit Option: 90-Day Elimination Period 3-Year (1,095 day) Benefit Period			Benefit Option: 90-Day Elimination Period 5-Year (1,825 day) Benefit Period		Benefit Option: 90-Day Elimination Period Unlimited Benefit Period	
Issue Age	Future Purchase Increase	Compound Increase	Future Purchase Option	Compound Increase	Future Purchase Option	Compound Increase
30						
35						
40						
45						
50						
55						
60						
65						
70						
75						
80						

* The home care benefits are reimbursed at a maximum of \$350 per week if the care coordinator is not used.

3. Provide estimates of the overall effect on premium of the following alternatives:
 - a 30-day elimination period plan
 - the use of short form underwriting for annuitants
 - the use of guaranteed issue underwriting for actively-at-work employees

You do not need to provide additional tables for these alternatives, just an estimate of the effect on the rates and data that supports your estimate.

4. Provide estimates of the overall effect on premiums of the following plan features:
 - a. Waiver of premium after assessment by care coordinator, rather than at the end of the waiting period;

- b. Non-standard coverage for declined actives or their spouses;
- c. Weekly benefit maximum instead of daily;
- d. Home care at 100% with use of care coordinator (state your assumed utilization of 100% benefit vs. the 50% benefit).

D. *Statutory Reserves*

a. Requirement

- 1. We anticipate that companies will establish and maintain reserves that are in keeping with statutory accounting standards required by their states of domicile, and in accordance with actuarial standards of practice.

b. Questions

- 1. Do you agree to the requirement outlined above? If you are unable or unwilling to comply in full, explain any limitations or reservations or best practices. Discuss your proposed alternative in detail and its impact on premiums.
- 2. State separately the basis (morbidity/mortality, interest, lapse, and selection assumptions) and the method assumed for determining active life reserves, disabled life reserves, and incurred but not reported (IBNR) reserves, for the base plan and any options. Specify how these assumptions vary from those used in pricing.
- 3. Describe your guidelines for the investment strategy for assets supporting long term care reserves. Specifically, what mix of fixed income and equity investments do you anticipate? Provide further characteristics of the fixed income and equity investments, i.e., quality and duration of bonds, whether large, mid-cap or small stocks, and whether actively or passively managed portfolio.
- 4. What Risk Based Capital level will you be holding on this block of business?
- 5. Provide the risk charges and investment fees per annum for the assets supporting the long term care reserves.

E. *Experience Fund Maintenance*

a. Requirements

- 1. The Contractor must account for the experience of the FLTCIP separately from that of its other accounts and to account for a FLTCIP Experience Fund.
- 2. Annually, the Contractor must calculate the amount in the FLTCIP Experience Fund as follows: (1) cumulative premiums paid, (2) plus cumulative investment income (3) minus cumulative actual paid claims, (4) minus cumulative taxes paid, (5) minus profit as priced in year one and as determined by the agreed-upon profit

formula thereafter, as discussed in the Profit section, (6) minus first year and renewal expenses either as priced or actual, whichever is less.

3. In the above formula, the Contractor must:
 - a. Credit to the Experience Fund the actual total net income for assets in the separately-identifiable FLTCIP account.
 - b. Calculate the “as priced” expenses as proposed in Tables 1 and 2, with adjustments made to average expense factors to reflect actual distributions (by age, risk class, etc.) and participation rate (as discussed in your answer to question B.4 in the section on Actuarial Assumptions and Loss Ratios). In calculating the Experience Fund, use the “as priced” amounts, or actual amounts, whichever is less.
 - c. Assume that profit margins are equal to the lifetime pre-tax profit margin disclosed in Table 7, applied to cumulative premiums. [If a portion of any year’s profit margin has been forfeited due to performance-based evaluations (as described in the Profit section), you must subtract the forfeited portion of the profit margin from Table 7 multiplied by that year’s premiums from cumulative profit margins for this formula.]

b. Questions

1. Do you agree to each of the requirements outlined above? If you are unable or unwilling to comply in full with any of the requirements outlined above, explain any limitations or reservations or best practices. Discuss your proposed alternative in detail and its impact on premiums.
2. As also discussed in question 4 in the section on Actuarial Assumptions and Loss Ratios, expenses may be significantly lower per enrollee than expected due to high enrollment. Propose a method to charge less against the Experience Fund due to the expense savings.
3. Would you suggest that the profit margin in the formula be anything other than the pre-tax margin from Table 7? If yes, what would you propose?

F. Contract Termination

a. Requirements

1. If the contract terminates at the end of seven years, or at some other point in time, the current Contractor must transfer the Experience Fund (reduced by: incurred but not reported claims, any other reserves for claims remaining with the current Contractor, and agreed-upon termination fees), calculated as of the date of termination, to the new Contractor.
2. In making this transfer:

- a. The Contractor will provide estimates of reserves and assets at least 45 days prior to the termination date.
- b. The Contractor will give OPM the final calculation of reserves and assets within 30 days after the termination date.
- c. Ninety (90) days after the termination date, the Contractor must transfer all reserves and assets to the new Contractor.
- d. The Contractor shall borne expenses to calculate and transfer assets and shall not deduct those expenses from the transferable amount.
- e. Any incurred but not reported (IBNR) reserve withheld that is not ultimately needed will be transferred to the new Contractor one year after termination, with interest.

b. Questions

1. Do you agree to each of the requirements outlined above? If you are unable or unwilling to comply in full with any of the requirements outlined above, explain any limitations or reservations or best practices. Discuss your proposed alternative in detail and its impact on premiums.
2. If the contract is terminated, will you transfer cash or actual assets? Will you require a market value adjustment? If yes, submit a detailed explanation of how the adjustment is to be calculated.
3. Indicate whether you are willing to offer a book value of assets transfer as an alternate to a market value transfer (adjustment), giving the FLTCIP the choice of which approach will be put into the contract. If you are willing to offer a book value transfer, submit a detailed explanation as to the period over which the transfer would take place, the methodology employed, e.g., equal amounts, declining balance, etc., and how you determine the interest to be credited to funds retained during the transfer period.
4. Do you propose that any fees be assessed against the FLTCIP assets for termination of the master policy? If yes, what do you propose? Be specific.

G. Contract Renewal

a. Requirement

1. The Contractor will monitor the FLTCIP experience and propose a rate revision whenever experience indicates that a change may be needed.

b. Questions

1. Do you agree to the requirement outlined above? If you are unable or unwilling to comply in full with the requirement outlined above, explain any limitations or reservations or best practices. Discuss your proposed alternative in detail and its impact on premiums.

2. What renewal rating methodology will you use for the account? Provide the formula that will be used to determine potential rate adjustments in the future. Identify to what extent actual investment performance of the underlying assets, actual expenses, actual claims, etc., affect the results.
3. How will you determine the level of credibility that will be assigned to the FLTCIP's own experience for prospective rate making purposes? Describe how credibility will vary based on time, persistency, life years exposed and other factors.
4. Under what circumstances would you consider rate changes for the group as a whole? For new issues only? For an age, underwriting, or other sub-group as a whole?
 - a. What would be the basis of a rate increase?
 - b. If experience is favorable, what options for benefit enhancement or rate reductions will be made available, and when?
 - c. Explain what separate classes you envision for possible rate changes. Do you require the right to redefine such classes or further segment classes in the future? We do not contemplate geographically based rates.

H. Profit

a. Requirements

1. The Contractor will propose a profit amount at the beginning of each contract term expressed as a percentage of premiums.
2. Some of the profit will be at risk to the Contractor and will be performance-based, based on a negotiated formula. The Contractor may propose a portion that is not at risk.
3. The Contractor will provide reports to evaluate the items in the negotiated formula.

b. Questions

1. Do you agree to each of the requirements outlined above? If you are unable or unwilling to comply in full with any of the requirements outlined above, explain any limitations or reservations or best practices. Discuss your proposed alternative in detail and its impact on premiums.
2. Complete items 1 and 2 in Table 9.

TABLE 9 Proposed Annual Profit		
1. Proposed Profit	_____ percent of premium	
FACTOR	CONSIDERATIONS	2. Proposed Percentage of the Total Profit Shown in #1
Guaranteed Amount (not at risk)	Note: No profit is available if premiums are not sufficient to cover claims and expenses.	
Actual vs. Expected Enrollment Experience	Based on success (or failure) in meeting goals for enrollment, adjusted for actual demographics and based on premium setting assumptions.	
Actual vs. Expected Claims Experience	Based on success (or failure) in meeting goals for expected claims, adjusted for actual demographics and based on premium setting assumptions. The objective is to achieve premium stability and underwriting goals.	
Administrative Expense Savings	Were the actual administrative expenses less than expected?	
Return on Investment	Did the ROI meet or exceed the negotiated benchmarks?	
Customer Service Goals	Did the Contractor meet or exceed the customer service goals stated in the contract?	
Responsiveness to OPM	Was the Contractor responsive in areas such as: <ul style="list-style-type: none"> • Resolving problems quickly? • Keeping product current? • Keeping prices reasonable? • Monitoring and reporting on industry trends? 	
TOTAL		100%

3. Is the profit (as a percentage of premium) you proposed in Table 9 the same as the profit percentage assumption you presented in Table 7? If not, explain.
4. Would you propose different factors and/or considerations for Table 9?
5. Do you propose any other source of profit (such as a fee for investment services), in addition to what is presented in (or you propose for) Table 9? If so, explain.

6. What reports do you propose to provide us to evaluate your performance in the areas indicated in the table? What published indices or other benchmarks would you reference?
7. Are you willing to guarantee a rate of return to the FLTCIP? Note that any guaranteed rate would be effective only if the contract terminates.
 - a. If you are willing to guarantee a rate, what is it and what are the terms and costs of your guarantee?
 - b. What would be the impact on your investment income assumption and on premiums, if any?

V. Underwriting

A. Requirements

1. We are asking Contractors to submit premiums under the following underwriting guidelines:
 - a. Active employees and members of the uniformed services will be subject to abbreviated underwriting, which may take the form of modified guaranteed issue, or short form. However, we are also asking for the effect on premiums of a guaranteed issue offering to employees. See the section on Premium Rates in the Financial section. Contractors must submit premium estimates under all bases.
 - b. By statute, spouses are to be treated “as nearly as practicable” as active employees and members of uniformed services for underwriting purposes. To enable this under guaranteed issue and modified guaranteed issue, the Contractor can require spouses to demonstrate “actively-at-work” or equivalent status, or may require them to answer short form questions as assumed for pricing purposes. The Contractor will propose how to handle this for spouses.
 - c. Active employees and members of the uniformed services or their spouses who do not satisfy abbreviated underwriting may be asked to furnish additional information to determine if (a) they are insurable, and if yes, (b) whether standard or a type of nonstandard insurance coverage can be offered. If they are not insurable, the Contractor may propose offering a non-insurance product.
 - d. We anticipate that all other covered groups will be subject to full (long-form) underwriting. However, we are also asking for the impact on premiums of using short form underwriting for annuitants. See the section on Premium Rates in the Financial section of the Statement of Work.
 - e. The Federal Government employs a high percentage of persons with self-reported disabilities (about 7% of the workforce). They will apply for coverage in the same manner as persons without disabilities. They will not be identifiable to the Contractor from data provided by OPM.
 - f. Even if the underwriting for employees is not guaranteed issue, we still intend for the FLTCIP to cover as many people as possible. The underwriting structure will then need to support the issuance of both standard and non-standard coverages, at least for active workers/spouses and preferably for other groups as well. Thus, we expect that the FLTCIP may have more than one rating class. The Product Design section contains more information on this aspect of the FLTCIP.

2. Premiums may vary based on age and rating class but not eligibility class (i.e., active vs. retiree, etc.). However, with OPM's approval, underwriting standards can differ for different eligibility classes.
3. We expect a large number of applications (anywhere from 500,000 to 1,000,000) during the initial enrollment period. You must maintain underwriting standards during that period with no shortcuts.
4. A number of potential enrollees live or work outside of the United States. We intend for these people to be covered in the FLTCIP. You must propose a strategy to underwrite them.
5. The following underwriting questions will form the basis for your premium proposals. Note that we told you to assume short form underwriting for spouses in the Financial section to assure consistent pricing. This is different. We are asking for your proposal on how to handle the underwriting for spouses.

Modified Guaranteed Issue:

- Do you certify that you have been actively-at-work (not in a leave status) for at least 50% of your scheduled tour of duty during your last pay period?
- Do you currently need or receive help with any of these activities: bathing, eating, dressing, toileting, continence, or transferring from bed to chair, (i.e., the six activities of daily living?)
- Under this option, spouses will be asked for some additional information as a substitute for not being actively at work for the Government. (The Contractor must propose this.)

Short Form:

The preceding questions, plus:

- Do you currently use mechanical devices such as a wheelchair, walker, crutches, hospital bed, dialysis machine, oxygen, or stair lift?
- Have you been diagnosed with or had symptoms of Alzheimer's disease, dementia, organic brain syndrome, multiple sclerosis, muscular dystrophy, ALS, or Parkinson's disease?
- Have you been diagnosed with or treated by a member of the medical profession for AIDS or AIDS related complex?
- Have you been diagnosed with an ongoing mental or nervous disorder, whether organic or inorganic?

B. Questions

1. Do you agree to each of the requirements outlined above? If you are unable or unwilling to comply in full with any of the requirements outlined above, explain any limitations or reservations or best practices. Discuss your proposed alternative in detail and its impact on premiums.

2. Provide your typical field underwriting manual and describe any changes you propose for our fully underwritten groups. Include a copy of the application questionnaire you propose to use for our fully underwritten group.
3. What medical conditions would cause an automatic denial? What would you expect the percentage of denials to be for each underwriting method? What is the percentage of denials in your largest group cases, by underwriting method?
4. Specify the conditions (e.g., age, employment status, response to specific questions, etc.) when you would use medical records, telephone verification, face-to-face, and physical examinations? Who will do phone interviews? Who will do face-to-face interviews? How will you handle applicants outside the United States?
5. Would you recommend any changes to the modified guaranteed issue and/or short form questions to be asked? If so, what and why?
6. Actively-at-work employees will not be subject to full underwriting. Under what circumstances could a spouse be underwritten exactly the same way as an active worker? Include additional questions you propose for spouses, if any, under each of the three underwriting possibilities for actively-at-work employees, and how your proposal will affect the price you quoted in the Financial section (where we told you to assume short form underwriting for spouses.) Provide a copy of this question and your answer(s) in your separately bound Financial section.
7. How will you handle applicants who have been diagnosed with a mental and nervous condition, given that they will be identified if the short form underwriting process is used? What additional information will you seek from them? Specify different decisions based on diagnosis.
8. Given the size of this program, underwriting all of the initial applicants by October 1, 2002, may not be possible. Present your detailed underwriting plan and workflow that complements your marketing and enrollment plans presented in the section on Education, Marketing and Enrollment. How many entities and full-time equivalents (FTEs) will you assign to this effort? What would be their roles and credentials? What mechanisms will you use to assure consistent determinations?
9. What underwriting role, if any, would enrollers perform? What underwriting support would technology provide?
10. Provide specific details about all aspects of your contingency plan for system overload on underwriting applications, from both a technology and a staff sufficiency basis.
11. What is the largest number of short-form underwritten applications you have handled during one campaign? How long did it take to handle all of them? What was the average turn-around time per application? What is the largest number of fully underwritten applications you have handled during one campaign? How long did it take to handle all of them? What was the average turn-around time per application?
12. What performance standards and guarantees do you propose to apply to the FLTCIP to ensure timely and accurate execution of the underwriting effort?

13. Under what circumstances do you customarily offer provisional coverage while processing applications? What do you propose for FLTCIP?
14. What is your recommended review/appeal process for denied applications?
15. What maximum issue age do you propose, if any, and why?
16. Do you have any concerns about self-certification of inclusion in an eligible class (e.g., I certify that I am an adult child of a Federal employee. Or, I certify that I am a Federal employee and am actively-at-work, etc.) ? Do you propose any other approaches ? If pertinent, distinguish between the groups eligible for abbreviated underwriting (actives and spouses) vs. all others.

VI. Reporting Requirements

A. Requirements

1. The Contractor will furnish reports that OPM determines to be necessary to assess the success of the FLTCIP.
2. The Contractor will permit OPM and the General Accounting Office (GAO) to examine its records to the extent necessary for OPM and GAO to carry out their functions and responsibilities.
3. OPM intends to use these reports for a variety of purposes, but also to determine if the Contractor has met the goals for purposes of profit negotiation.
4. The Contractor cannot use any FLTCIP data (including enrollees' addresses) for any reason other than the FLTCIP without OPM's explicit written approval.

B. Questions

1. Do you agree to each of the requirements outlined above? If you are unable or unwilling to comply in full with any of the requirements outlined above, explain any limitations or reservations or best practices. Discuss your proposed alternative in detail.
2. What reports do you propose for OPM oversight of:
 - a. Plan performance/customer service?
 - b. Actual versus expected experience?
 - c. Financial goals?
 - d. Enrollment issues?
3. Describe and provide examples of reports you have produced for large group clients for which you administer long term care insurance contracts, including frequency and type of information.
4. Do you report the group specific experience separately? If not, explain why.
5. Will you offer electronic transmission of reports and/or on-line access for the FLTCIP? Discuss and provide examples.

VII. Administration and Systems

A. Requirements

1. The Contractor is responsible for all initial and future enrollment activities for eligible persons, and for later entrants.
2. The Contractor must provide for payroll deduction, retirement plan deductions and automatic debit methods of premium payment.
3. The Contractor must interface with approximately 175 federal payroll offices in a wide variety of formats. OPM will attempt to achieve, but cannot guarantee, format or media standardization.
4. The Contractor must perform the work necessary to handle enrollment via the Internet, interactive voice response (IVR) systems, and so forth, in addition to paper applications.
5. The Contractor must provide basic administrative training and materials to OPM and agency staffs, as required.
6. The Contractor must maintain the security and confidentiality of all files. The contractor must meet all HIPAA privacy and confidentiality rules.
7. Employees and annuitants may authorize payroll/annuity deductions for their qualified relatives (whether the employee/annuitant also enrolls or not).

B. Questions

1. Do you agree to each of the requirements specified above? If you are unable or unwilling to comply in full with any of the requirements outlined above, explain any limitations or reservations or best practices. Discuss your proposed alternative in detail.
2. We are willing to specify that premium payments must be via payroll or annuity deduction or via debit authorization and that paper transactions be limited to exceptional circumstances.
 - a. Do you think this is a good idea? Why or why not?
 - b. If you propose direct billing (via paper), which insured individuals will you direct-bill? Provide a detailed description of all billing procedures, frequencies, loadings and requirements. Can enrollees choose the frequency of payment?
 - c. What information will you require from the agencies at the time they remit the payroll-deducted premium to you?
 - d. How do you resolve missing payroll/annuity deductions for enrollees who did not receive pay or annuity for a given period (e.g., they were on unpaid leave, in termination status, etc.) or whose pay or annuity was insufficient?

- e. Describe your processes (by category of payment) for handling overdue premiums.
 - f. How do you propose handling premium lapses? Describe for each type of payment, including people outside the U.S.
 - g. How do you propose handling reinstatement policies?
3. How many different payroll systems have you worked with simultaneously? Provide references from firms with the various systems you have worked with in the past.
 4. How and when will you collect initial premiums when someone enrolls? Detail this for each type of enrollment, i.e., paper, Internet, IVR, etc.
 5. Explain, in detail, how you will set up Internet, IVR, and any other systems you will employ.
 6. Describe your system security measures.
 7. Describe your system backup and disaster recovery procedures for your long term care systems.
 8. How do you handle enrollment when an electronic signature process is used?

VIII. Customer Service

A. Requirements

1. We expect first rate customer service.
2. The Contractor must conduct the open enrollment process in a manner that permits some applicants to be enrolled with effective dates beginning on October 1, 2002, for retirees and the first pay period in October 2002 for employees.
3. We reserve the right to review and approve information on the Contractor's website for FLTCIP education, customer service, and enrollment.

B. Questions

1. Do you agree to each of the requirements outlined above? If you are unable or unwilling to comply in full with any of the requirements outlined above, explain any limitations or reservations or best practices. Discuss your proposed alternative in detail.
2. What standards will you guarantee in the initial enrollment AND on an ongoing basis in the following areas:
 - a. Telephone
 - i. Hours/day that toll-free service is available
 - ii. Days/week that toll-free service is available
 - iii. Average hold times:
 - (a) For IVR responses
 - (b) For access to a live service representative on request
 - iv. Call abandonment rate
 - v. Blockage rate
 - b. Written Inquiries (not email)
 - i. ___% answered within ___ days from receipt
 - ii. 100% answered within ___ days from receipt
 - iii. ___ days from receipt of incoming to answer, on average
 - c. Email Inquiries
 - i. ___% answered within ___ days from receipt
 - ii. 100% answered within ___ days from receipt

- iii. ___ days from receipt of incoming to answer, on average
 - d. Web site server capacity
3. What mechanisms will you have in place to monitor the performance of your customer service unit, including the quality of customer services? Do these mechanisms exist today? Provide copies of the monitoring reports you will give to the FLTCIP.
4. Customer Service Staff:
 - a. Distinguish between any tiers (or other specialization) of representatives as well as between initial enrollment and ongoing support in responding to all aspects of this question.
 - b. What is the minimum level of education/training/experience that the customer service staff devoted to the FLTCIP will possess?
 - c. How many of your current staff that possesses this background will you devote to the FLTCIP (by tier if applicable)?
 - d. How many additional staff will you need?
 - e. What is your plan, including training, and timetable for building the incremental customer service capacity, if any, that you identified?
5. Describe in detail how your FLTCIP customer service organization will handle care coordinator referral services.
6. Provide an organizational diagram of the home office departments that will have customer service responsibility for the FLTCIP. If known, in each department box include the name, title and geographic location of the most senior department manager. Describe how the interface with OPM will operate.
7. Provide a separate organizational diagram of any regional or local customer service network that would support the FLTCIP. If known, include the same managerial information requested above. Describe how the interface with OPM will operate.
8. How will you handle phone service for foreign-speaking persons (list languages) and the hearing-impaired?
9. Do you have an on-line claims processing system for tracking claims for your customer service center? Describe its use.
10. Will eligibility and plan provision information be available to customer service/claims processors on an "on-line" basis? Describe its use.
11. What processes do you use to deal with customer dissatisfaction? Describe in detail.
12. Describe the methodology used in evaluating your effectiveness in servicing your customers. Provide copies of any survey instruments and the reports you will furnish to OPM.

IX. Claims Administration

A. Requirements

1. The Contractor must:
 - a. Develop a standard ADL assessment form to determine whether a claimant cannot perform the ADLs established for the FLTCIP, or is severely cognitively impaired.
 - b. Develop claims forms and explanation of benefits forms for review and approval by OPM.
 - c. Administer appropriate Coordination of Benefits provisions.
 - d. Coordinate with attending physicians and care coordinators to develop the medical data necessary to substantiate a claim for benefits.
 - e. Establish quality assurance guidelines and audit procedures for independent vendors contracted with the program.
2. Care coordinators will be an integral part of the FLTCIP. Enrollees (both insured and those receiving nonstandard coverage or care coordinator services only) will utilize the services of care coordinators in a variety of ways. The Contractor must establish and maintain a care coordination infrastructure to perform the following claims related services:
 - a. Assess the enrollee's inability to perform ADLs or the presence of severe cognitive impairment.
 - b. Develop the overall plan of care.
 - c. Monitor individualized reassessments of ADLs initially certified to determine continued eligibility for benefits, the quality of services received, and if the plan of care should be changed in any way. .
 - d. Develop procedures for care coordinators to follow in recommending a plan of alternate care to the Contractor.
 - e. Coordinate and manage the delivery of formal and informal home care when requested by the enrollee and/or legal representative.
 - f. Provide long term care referral services for all (not necessarily insured) qualified relatives of insured **employees**.
 - g. Assist in locating suitable facility care and negotiating discount arrangements. Services provided to non-insureds will be at cost or without cost.

B. Questions

1. Do you agree to each of the requirements outlined above? If you are unable or unwilling to comply in full with any of the requirements outlined above,

explain any limitations or reservations or best practices. Discuss your proposed alternative in detail.

2. Describe how you currently use care coordinator services and what you propose for the FLTCIP. For example, do you use care coordinators to identify, assess and certify ADL qualification, develop plans of care, and select and approve delivery of services by a specific service provider? Are they also included in your internal claim management process? Specifically address the following:
 - a. What are the components of your claims process? What standard long term care claim assessment tools, if any, do you use in the claim adjudication process? Provide examples.
 - b. Are care coordination services performed by care coordinators employed by your organization or by an independent contractor? If services are provided by your employees, are these employees part of a long term care insurance service department or are they part of a multi-insurance service department within your organization?
 - c. What are the qualifications for the care coordinators you will use for the FLTCIP, in terms of education, licensure, and training? Are they nurses or other professionals?
 - d. Can the enrollee change care coordinators? What is the process?
 - e. Recognizing that the care coordination we envision may be at a level different from what is currently provided in the market, how many care coordinators do you estimate needing? How many do you have now? Do you have contract relationships with other companies to provide additional services if your current staff is not sufficient? If not, what is your plan and timetable to get to the level needed for the FLTCIP, including establishing capacities areas not currently serviced, such as U.S. territories and foreign nations?
3. Describe in detail your current quality assurance program for claim payments, claim processing, reconciliation of claims and care coordination services, including performance standards, rating methods, rating levels, consequences for substandard performance, performance improvement procedures, accuracy rates, etc.
4. Have you established discount arrangements for medical/health products and services with service providers? If yes, briefly describe the scope of these arrangements as to type of service, typical discounts from per diems or hourly/case rates, and availability in both large and small population centers. Given the size of the FLTCIP, what additional discounts would you envision? How do enrollees learn of the discounts?
5. Describe your claims administration process, following the long term care claim cycle from the onset (i.e., enrollee experiences inability to perform two ADLs) of the need for care until such need is terminated. Include a

description of the role and responsibilities of your care coordinators during the claims approval process. How do you verify bills for accuracy?

6. Which types of claims management services do you propose to subcontract and why? Include a separate list of proposed subcontractors that will provide such services. What is your quality assurance policy regarding subcontractors, and who in your organization is accountable for it?
7. What was your average claim turnaround time in working days for “clean” long term care claims in each of the last three years?
8. How many long term care claims for benefits did you receive in each of the last three years?
 - a. What percent of claims submitted resulted in benefit payments for institutional care?
 - b. For home care?
 - c. What was the average home care claim amount?
 - d. How many did you deny in full? Provide the top three causes for these denials.
9. Describe the frequency of and process for reassessment to ensure proper payment of ongoing claims.
 - a. How do you resolve disputes involving denied claims or the amount of reimbursement?
 - b. If the processes differ for the insurer and the care coordinator, explain how.
 - c. Do you have an internal and/or external appeal process?
 - d. What percent and number of claims went through the appeal process and what were the outcomes for the last three years?
10. Describe your process for correcting claims errors. How do you collect claims overpayments?
11. How do you handle claims for eligible enrollees in foreign countries and the U.S. territories?
 - a. Are reimbursable services limited? How so?
 - b. What are your plans and timetable, if any, for expanding the number of countries from which you will accept claims?
12. What is your capacity for processing requests for determination of an ADL dependency or cognitive impairment for the FLTCIP?
 - a. How many do you propose processing within 10 calendar days of receipt?
 - b. How many within 30 calendar days?

13. What is your capacity for processing claims for the FLTCIP?
 - a. How many do you propose processing within 10 calendar days?
 - b. How many within 30 calendar days?
14. What requirements, if any, will you place on informal and family caregivers to ensure quality, prevent abuse, and control for over-utilization?
15. Will you provide a claims processing unit dedicated to the FLTCIP?
 - a. If yes, when will it be fully functional?
 - b. If not a dedicated unit at first, how will you structure it?
 - c. How will you handle overflow or claims volume beyond your expectations?

X. Education, Marketing and Enrollment

A. Requirements

1. The Contractor shall be responsible for, and provide a detailed plan for, all initial and future enrollments for eligible persons, as well as any subsequent enrollment activities for future entrants. The focus will be on those eligible populations that can be easily identified and contacted (i.e., employees and annuitants). The Contractor will provide a date certain for the start of the first open enrollment period and a suggested ending date for the first FLTCIP open enrollment campaign. The Contractor will provide all communication and enrollment materials. OPM reserves the right to review and approve all literature, materials, forms, presentations, etc.
2. The Contractor will commit to providing web-based educational material, including the ability for individuals to model product configurations and calculate their premium. We reserve the right to review and approve information on the Contractor's website for FLTCIP education, customer service, and enrollment.
3. The Act requires that applicants receive information necessary to evaluate the advantages and disadvantages of obtaining long term care insurance under the FLTCIP. The Contractor must provide the following information as part of an educational campaign and/or part of product specific marketing materials:
 - a. The principal long-term care benefits and coverage available under the FLTCIP, and how those benefits and coverage compare to the range of long-term care benefits and coverage otherwise generally available.
 - b. Representative examples of the cost of long-term care, and the sufficiency of the benefits available under FLTCIP plan relative to those costs. The information shall also include:
 - (i) the projected effect of inflation on the value of those benefits; and
 - (ii) a comparison of the inflation-adjusted value of those benefits to the projected future costs of long-term care.
 - c. Any rights enrollees may have to cancel coverage, and to receive a total or partial refund of premiums. The information shall also include:
 - (i) the projected number or percentage of individuals likely to fail to maintain their coverage (determined based on lapse rates experienced under similar group long-term care insurance programs and, when available, the FLTCIP); and
 - (ii) a summary description of how and when premiums for long-term care insurance under the FLTCIP may be raised; and

- (iii) the premium history during the last 10 years for each qualified Contractor offering long-term care insurance under FLTCIP; and
 - (iv) if cost increases are anticipated, the projected premiums for a typical enrollee at various ages.
- d. The advantages and disadvantages of long-term care insurance in general, relative to other means of accumulating or otherwise acquiring the assets that may be needed to meet the costs of long-term care, such as through tax-qualified retirement programs or other investment vehicles.
- 4. The Contractor must provide information about the availability of the FLTCIP to **all** employees (via their agencies) and **all** annuitants (to their correspondence addresses). However, the Contractor can segment the groups (with our approval) and send somewhat different material to some groups vs. others.
- 5. The FLTCIP will include many options. The Contractor will devise a simplified way to present the options so that applicants will understand the product and be able to make appropriate decisions and will not be overwhelmed by the choices available to them. We contemplate that applicants will receive illustrations including “low”, “medium” and “high” weekly maximum benefit offerings. The Contractor could provide other options upon an applicant’s request.
- 6. The Contractor must have extensive experience with Web based and IVR type enrollment and communications. The Contractor must host and operate a specific web site (or sites) for the FLTCIP.
- 7. The FLTCIP must be effective by October 1, 2002. While there is no requirement to solicit enrollments with an October 1, 2002 effective date, individuals who request coverage effective with the first pay period in October 2002 must have a reasonable opportunity to acquire such coverage. OPM will work with the Contractor to accomplish this.
- 8. The Contractor must read Appendix C, Communications Vehicles, and propose the best use of these vehicles.

B. Questions

- 1. Do you agree to each of the requirements outlined above? If you are unable or unwilling to comply in full with any of the requirements outlined above, explain any limitations or reservations or best practices. Discuss your proposed alternative in detail.
- 2. Present and explain in detail your education/marketing plan for the initial enrollment, including any differences or variations that you would propose for the different eligible populations and/or different segments within any population(s).

- a. Would you separate the educational and marketing aspects? Be explicit about assumptions concerning OPM and agency support for such things as employee meetings, satellite downlinks, etc.
- b. Provide specific reasons and experiences to support your recommended approach. Include a timeline of critical events.
- c. Provide examples of the kinds of materials you propose, including flyers, web sites, fulfillment kits, videos, etc.
- d. Who and what organization would lead this effort?
- e. How do you propose using the various communications vehicles described in Appendix C of this Statement of Work?

NOTE - OPM will consider enrollment strategy proposals that would stagger the open enrollment periods across the country geographically or in some other manner. We think that at least 60 days would be required for each of the open periods. To meet the statutory timeline, you must have the capacity to enroll individuals who desire coverage as early as October 1, 2002. While this capacity does not need to be widely publicized before the scheduled open enrollment periods, you should plan on its existence being reported in the press and retirement journals.

3. Describe in detail and flowchart your plan for conducting the open enrollment process through receipt of the first premium payment in a manner that permits applicants to be enrolled by October 1, 2002 while keeping the overall process manageable and cost effective. Include a timeline for major events throughout the period you propose. Your plan should include the expected dates and volumes for mass mailings, expected phone volumes, IVR rates, Web hits, etc.
 - a. Repeat pertinent information you provided in response to questions in the Underwriting section, so that each section can stand alone.
 - b. If your plan involves a staggered approach, describe it and how you will handle requests for exceptions (early enrollments).
 - c. Provide the number of enrollment requests you expect to receive and process every two weeks during the period covered by your plan at each stage of your processing flow.
 - d. Identify the role and relationship of any entities that are significant to your plan.
 - e. Detail your plan for greater than expected receipts and your absolute maximum processing capacities at each stage of the process you are proposing.
4. There are probably a fair number of individuals who will want to apply for coverage as soon as the details of the plan and premiums are known. For purposes of this question, assume that there are no outstanding questions or issues relating to plan provisions, underwriting, or premiums by the end of December 2001.

- a. What actions would you recommend immediately following closure on rates and benefits for the FLTCIP?
 - b. Separate and apart from your FLTCIP education/marketing/enrollment plan, what is the earliest date that you could begin to accept FLTCIP enrollment applications from individuals who have determined that they want to apply for coverage? Assume that such individuals would be required to use debit authorizations, avoiding the need to establish payroll office interfaces.
5. There is another possible approach, combined with or separate from #4 above. There is a significant interest among individuals eligible for the FLTCIP in acquiring LTCI coverage (but not necessarily FLTCIP coverage) as soon as possible to avoid premium increases due to age and to provide transitional coverage. We're thinking that the Contractor(s) we select in/about October 2001 could issue individual or perhaps group (non-FLTCIP) policies to members of the eligible FLTCIP "Federal family". The issuance of such policies would provide the following advantages to policyholders at the time the FLTCIP becomes available:
- The policyholder would have a guaranteed option (but not be required) to buy comparable FLTCIP coverage at the age that they bought the non-FLTCIP policy, without additional underwriting.
 - They would simply lapse the non-FLTCIP policy. No reserves would change hands, and no policies would be transferred.
 - Individuals desiring more coverage than in their non-FLTCIP policy and those in a claim status would have to meet FLTCIP underwriting standards.
- We could also set a date when the non-FLTCIP policies could be issued – it could be handled retroactively, perhaps as early as September 2000 when the Long-Term Care Security Act became law.
- a. What are your thoughts on this idea?
 - b. How would you structure it? Be specific.
6. Describe your experience with your two most successful approaches in conducting enrollment campaigns for groups similar to the FLTCIP (geographically diverse, multi-employer, or public employee groups). Include your timeline for the total campaign, the eligible population(s), the number of policies issued, etc.
7. Similarly, describe your two least effective campaigns and the lessons learned.
8. Describe, in detail, how the campaign you propose for the FLTCIP differs from your typical enrollment campaign and why. Provide references for

organizations you've worked with as similar as possible to the FLTCIP in size or in type.

9. What do you consider to be the major marketing challenges in the education/ communication/marketing of the FLTCIP? What approaches do you propose to overcome these obstacles?
10. Do you intend to use individual agents, sales representatives, or others to meet with prospective enrollees on an individual basis? On a group basis? If so, detail their number, role, training and experience, and the controls that you will exercise to ensure that they represent the FLTCIP appropriately and consistently. How will you compensate them? Will they be dedicated to the OPM business? If not, how will you address any potential conflict of interest issues? Show their organizational placement.
11. How would you decide that the initial roll-out was in serious trouble of reaching its goals and what actions would you take?
12. Detail your web-based or online capabilities. Do you have all of them in place now or are they in planning? Provide examples, URLs, and references.
13. Detail your contingency plan for system overload on education and marketing requests from both a technology and/or staff sufficiency basis
14. From your experience, what level of penetration (number of enrollees, listed by eligible group) would you expect of your campaign efforts as of June 2003?

XI. Definitions

Special Note: These definitions are only for the purpose of this Request for Proposals.

Act	Public Law 106-265, the Long-Term Care Security Act
Actively at work	When applied to employees, the employee is on duty in a pay status for at least one-half of his/her regularly scheduled tour of duty. It does not include time when the employee is on annual leave, sick leave, other leave or in a nonpay status.
Agency(ies)	Departments and independent agencies of the Federal Government, including the Tennessee Valley Authority, but not including the D.C. Government. Also includes the branches of the uniformed services.
Annuitants	See P.L. 106-265. Federal retirees (who retired on an immediate annuity), retirees of the uniformed services, uniformed services reservists at the time they qualify for an annuity and survivors (of those retired on an immediate annuity) receiving annuity compensation. Also includes those receiving compensation from the Department of Labor. Sometimes called retirees.
Carrier	Same as Contractor, Bidder or Offeror.
Contractor	Depending on context, may refer to any entity that is part of the bid on this request for proposal, or it may refer to the “winning” entity that we sign a contract with. Same as carrier.
Contracting Officer	The OPM employee who has the authority to bind the Government under the resulting contract with the Contractor
Employees	See P.L. 106-265. Federal employees, including employees of the Tennessee Valley Authority and the U.S. Postal Service, but not including employees of the D.C. Government. Also includes members of the uniformed services. Sometimes referred to as “actives” or “active workers”.
Federal Family	Employees, annuitants and qualified relatives as defined in P.L. 106-265 and OPM regulations.
FLTCIP	Federal Long Term Care Insurance Program
GAO	United States General Accounting Office
GI	Guaranteed issue underwriting
HIPAA	Health Insurance Portability and Accountability Act
IBNR	Incurred but not reported

IVR	Interactive voice response system
LTC	Long term care
MGI	Modified guaranteed issue underwriting
NAIC	National Association of Insurance Commissioners
OPM	United States Office of Personnel Management
Qualified Relative	People who meet the definition of “qualified relative” in P.L. 106-265 and/or meet the definition of “qualified relative” in OPM’s long term care insurance regulations
RFP	Request for Proposals
Retirees	Same as annuitants
We	United States Office of Personnel Management
You	The Contractor

XII. Appendices

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Appendix A
Long –Term Care Security Act
One Hundred Sixth Congress
of the
United States of America
AT THE SECOND SESSION

Begun and held at the City of Washington on Monday, the twenty-fourth day of January, two thousand.

An Act

To amend title 5, United States Code, to provide for the establishment of a program under which long-term care insurance is made available to Federal employees, members of the uniformed services, and civilian and military retirees, provide for the correction of retirement coverage errors under chapters 83 and 84 of such title, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I--FEDERAL LONG-TERM CARE INSURANCE

SEC. 1001. SHORT TITLE.

This title may be cited as the 'Long-Term Care Security Act'.

SEC. 1002. LONG-TERM CARE INSURANCE.

(a) IN GENERAL- Subpart G of part III of title 5, United States Code, is amended by adding at the end the following:

`CHAPTER 90--LONG-TERM CARE INSURANCE

- `Sec.
- `9001. Definitions.
- `9002. Availability of insurance.
- `9003. Contracting authority.
- `9004. Financing.
- `9005. Preemption.
- `9006. Studies, reports, and audits.
- `9007. Jurisdiction of courts.
- `9008. Administrative functions.
- `9009. Cost accounting standards.

`Sec. 9001. Definitions

For purposes of this chapter:

- `(1) EMPLOYEE- The term 'employee' means--
 - `(A) an employee as defined by section 8901(1);
 - `(B) an individual described in section 2105(e); and
 - `(C) an individual employed by the Tennessee Valley Authority,but does not include an individual employed by the government of the District of Columbia.
- `(2) ANNUITANT- The term 'annuitant' has the meaning such term would have under paragraph (3) of section 8901 if, for purposes of such paragraph, the term 'employee'

were considered to have the meaning given to it under paragraph (1) of this subsection.

`(3) MEMBER OF THE UNIFORMED SERVICES- The term `member of the uniformed services' means a member of the uniformed services, other than a retired member of the uniformed services, who is--

`(A) on active duty or full-time National Guard duty for a period of more than 30 days; and

`(B) a member of the Selected Reserve.

`(4) RETIRED MEMBER OF THE UNIFORMED SERVICES- The term `retired member of the uniformed services' means a member or former member of the uniformed services entitled to retired or retainer pay, including a member or former member retired under chapter 1223 of title 10 who has attained the age of 60 and who satisfies such eligibility requirements as the Office of Personnel Management prescribes under section 9008.

`(5) QUALIFIED RELATIVE- The term `qualified relative' means each of the following:

`(A) The spouse of an individual described in paragraph (1), (2), (3), or (4).

`(B) A parent, stepparent, or parent-in-law of an individual described in paragraph (1) or (3).

`(C) A child (including an adopted child, a stepchild, or, to the extent the Office of Personnel Management by regulation provides, a foster child) of an individual described in paragraph (1), (2), (3), or (4), if such child is at least 18 years of age.

`(D) An individual having such other relationship to an individual described in paragraph (1), (2), (3), or (4) as the Office may by regulation prescribe.

`(6) ELIGIBLE INDIVIDUAL- The term `eligible individual' refers to an individual described in paragraph (1), (2), (3), (4), or (5).

`(7) QUALIFIED CARRIER- The term `qualified carrier' means an insurance company (or consortium of insurance companies) that is licensed to issue long-term care insurance in all States, taking any subsidiaries of such a company into account (and, in the case of a consortium, considering the member companies and any subsidiaries thereof, collectively).

`(8) STATE- The term `State' includes the District of Columbia.

`(9) QUALIFIED LONG-TERM CARE INSURANCE CONTRACT- The term `qualified long-term care insurance contract' has the meaning given such term by section 7702B of the Internal Revenue Code of 1986.

`(10) APPROPRIATE SECRETARY- The term `appropriate Secretary' means--

`(A) except as otherwise provided in this paragraph, the Secretary of Defense;

`(B) with respect to the Coast Guard when it is not operating as a service of the Navy, the Secretary of Transportation;

`(C) with respect to the commissioned corps of the National Oceanic and Atmospheric Administration, the Secretary of Commerce; and

`(D) with respect to the commissioned corps of the Public Health Service, the Secretary of Health and Human Services.

`Sec. 9002. Availability of insurance

`(a) IN GENERAL- The Office of Personnel Management shall establish and, in consultation with the appropriate Secretaries, administer a program through which an individual described

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in paragraph (1), (2), (3), (4), or (5) of section 9001 may obtain long-term care insurance coverage under this chapter for such individual.

`(b) GENERAL REQUIREMENTS- Long-term care insurance may not be offered under this chapter unless--

`(1) the only coverage provided is under qualified long-term care insurance contracts; and

`(2) each insurance contract under which any such coverage is provided is issued by a qualified carrier.

`(c) DOCUMENTATION REQUIREMENT- As a condition for obtaining long-term care insurance coverage under this chapter based on one's status as a qualified relative, an applicant shall provide documentation to demonstrate the relationship, as prescribed by the Office.

`(d) UNDERWRITING STANDARDS-

`(1) DISQUALIFYING CONDITION- Nothing in this chapter shall be considered to require that long-term care insurance coverage be made available in the case of any individual who would be eligible for benefits immediately.

`(2) SPOUSAL PARITY- For the purpose of underwriting standards, a spouse of an individual described in paragraph (1), (2), (3), or (4) of section 9001 shall, as nearly as practicable, be treated like that individual.

`(3) GUARANTEED ISSUE- Nothing in this chapter shall be considered to require that long-term care insurance coverage be guaranteed to an eligible individual.

`(4) REQUIREMENT THAT CONTRACT BE FULLY INSURED- In addition to the requirements otherwise applicable under section 9001(9), in order to be considered a qualified long-term care insurance contract for purposes of this chapter, a contract must be fully insured, whether through reinsurance with other companies or otherwise.

`(5) HIGHER STANDARDS ALLOWABLE- Nothing in this chapter shall, in the case of an individual applying for long-term care insurance coverage under this chapter after the expiration of such individual's first opportunity to enroll, preclude the application of underwriting standards more stringent than those that would have applied if that opportunity had not yet expired.

`(e) GUARANTEED RENEWABILITY- The benefits and coverage made available to eligible individuals under any insurance contract under this chapter shall be guaranteed renewable (as defined by section 7A(2) of the model regulations described in section 7702B(g)(2) of the Internal Revenue Code of 1986), including the right to have insurance remain in effect so long as premiums continue to be timely made. However, the authority to revise premiums under this chapter shall be available only on a class basis and only to the extent otherwise allowable under section 9003(b).

`Sec. 9003. Contracting authority

`(a) IN GENERAL- The Office of Personnel Management shall, without regard to section 5 of title 41 or any other statute requiring competitive bidding, contract with one or more qualified carriers for a policy or policies of long-term care insurance. The Office shall ensure that each resulting contract (hereafter in this chapter referred to as a `master contract') is awarded on the basis of contractor qualifications, price, and reasonable competition.

`(b) TERMS AND CONDITIONS-

`(1) IN GENERAL- Each master contract under this chapter shall contain--

`(A) a detailed statement of the benefits offered (including any maximums, limitations, exclusions, and other definitions of benefits);

`(B) the premiums charged (including any limitations or other conditions on their subsequent adjustment);

`(C) the terms of the enrollment period; and

`(D) such other terms and conditions as may be mutually agreed to by the Office and the carrier involved, consistent with the requirements of this chapter.

`(2) PREMIUMS- Premiums charged under each master contract entered into under this section shall reasonably and equitably reflect the cost of the benefits provided, as determined by the Office. The premiums shall not be adjusted during the term of the contract unless mutually agreed to by the Office and the carrier.

`(3) NONRENEWABILITY- Master contracts under this chapter may not be made automatically renewable.

`(c) PAYMENT OF REQUIRED BENEFITS; DISPUTE RESOLUTION-

`(1) IN GENERAL- Each master contract under this chapter shall require the carrier to agree--

`(A) to provide payments or benefits to an eligible individual if such individual is entitled thereto under the terms of the contract; and

`(B) with respect to disputes regarding claims for payments or benefits under the terms of the contract--

`(i) to establish internal procedures designed to expeditiously resolve such disputes; and

`(ii) to establish, for disputes not resolved through procedures under clause (i), procedures for one or more alternative means of dispute resolution involving independent third-party review under appropriate circumstances by entities mutually acceptable to the Office and the carrier.

`(2) ELIGIBILITY- A carrier's determination as to whether or not a particular individual is eligible to obtain long-term care insurance coverage under this chapter shall be subject to review only to the extent and in the manner provided in the applicable master contract.

`(3) OTHER CLAIMS- For purposes of applying the Contract Disputes Act of 1978 to disputes arising under this chapter between a carrier and the Office--

`(A) the agency board having jurisdiction to decide an appeal relative to such a dispute shall be such board of contract appeals as the Director of the Office of Personnel Management shall specify in writing (after appropriate arrangements, as described in section 8(c) of such Act); and

`(B) the district courts of the United States shall have original jurisdiction, concurrent with the United States Court of Federal Claims, of any action described in section 10(a)(1) of such Act relative to such a dispute.

`(4) RULE OF CONSTRUCTION- Nothing in this chapter shall be considered to grant authority for the Office or a third-party reviewer to change the terms of any contract under this chapter.

`(d) DURATION-

`(1) IN GENERAL- Each master contract under this chapter shall be for a term of 7 years, unless terminated earlier by the Office in accordance with the terms of such contract. However, the rights and responsibilities of the enrolled individual, the insurer, and the Office (or duly designated third-party administrator) under such contract shall continue with respect to such individual until the termination of coverage of the enrolled individual or the effective date of a successor contract thereto.

`(2) EXCEPTION-

`(A) SHORTER DURATION- In the case of a master contract entered into before the end of the period described in subparagraph (B), paragraph (1) shall be applied by substituting `ending on the last day of the 7-year period described in paragraph (2)(B)' for `of 7 years'.

`(B) DEFINITION- The period described in this subparagraph is the 7-year period beginning on the earliest date as of which any long-term care insurance coverage under this chapter becomes effective.

`(3) CONGRESSIONAL NOTIFICATION- No later than 180 days after receiving the second report required under section 9006(c), the President (or his designee) shall submit to the Committees on Government Reform and on Armed Services of the House of Representatives and the Committees on Governmental Affairs and on Armed Services of the Senate, a written recommendation as to whether the program under this chapter should be continued without modification, terminated, or restructured. During the 180-day period following the date on which the President (or his designee) submits the recommendation required under the preceding sentence, the Office of Personnel Management may not take any steps to rebid or otherwise contract for any coverage to be available at any time following the expiration of the 7-year period described in paragraph (2)(B).

`(4) FULL PORTABILITY- Each master contract under this chapter shall include such provisions as may be necessary to ensure that, once an individual becomes duly enrolled, long-term care insurance coverage obtained by such individual pursuant to that enrollment shall not be terminated due to any change in status (such as separation from Government service or the uniformed services) or ceasing to meet the requirements for being considered a qualified relative (whether as a result of dissolution of marriage or otherwise).

`Sec. 9004. Financing

`(a) IN GENERAL- Each eligible individual obtaining long-term care insurance coverage under this chapter shall be responsible for 100 percent of the premiums for such coverage.

`(b) WITHHOLDINGS-

`(1) IN GENERAL- The amount necessary to pay the premiums for enrollment may--

`(A) in the case of an employee, be withheld from the pay of such employee;

`(B) in the case of an annuitant, be withheld from the annuity of such annuitant;

`(C) in the case of a member of the uniformed services described in section 9001(3), be withheld from the pay of such member; and

`(D) in the case of a retired member of the uniformed services described in section 9001(4), be withheld from the retired pay or retainer pay payable to such member.

`(2) VOLUNTARY WITHHOLDINGS FOR QUALIFIED RELATIVES-

Withholdings to pay the premiums for enrollment of a qualified relative may, upon election of the appropriate eligible individual (described in section 9001(1)-(4)), be withheld under paragraph (1) to the same extent and in the same manner as if enrollment were for such individual.

`(c) DIRECT PAYMENTS- All amounts withheld under this section shall be paid directly to the carrier.

`(d) OTHER FORMS OF PAYMENT- Any enrollee who does not elect to have premiums withheld under subsection (b) or whose pay, annuity, or retired or retainer pay (as referred to in subsection (b)(1)) is insufficient to cover the withholding required for enrollment (or who is not receiving any regular amounts from the Government, as referred to in subsection (b)(1),

from which any such withholdings may be made, and whose premiums are not otherwise being provided for under subsection (b)(2)) shall pay an amount equal to the full amount of those charges directly to the carrier.

`(e) SEPARATE ACCOUNTING REQUIREMENT- Each carrier participating under this chapter shall maintain records that permit it to account for all amounts received under this chapter (including investment earnings on those amounts) separate and apart from all other funds.

`(f) REIMBURSEMENTS-

`(1) REASONABLE INITIAL COSTS-

`(A) IN GENERAL- The Employees' Life Insurance Fund is available, without fiscal year limitation, for reasonable expenses incurred by the Office of Personnel Management in administering this chapter before the start of the 7-year period described in section 9003(d)(2)(B), including reasonable implementation costs.

`(B) REIMBURSEMENT REQUIREMENT- Such Fund shall be reimbursed, before the end of the first year of that 7-year period, for all amounts obligated or expended under subparagraph (A) (including lost investment income). Such reimbursement shall be made by carriers, on a pro rata basis, in accordance with appropriate provisions which shall be included in master contracts under this chapter.

`(2) SUBSEQUENT COSTS-

`(A) IN GENERAL- There is hereby established in the Employees' Life Insurance Fund a Long-Term Care Administrative Account, which shall be available to the Office, without fiscal year limitation, to defray reasonable expenses incurred by the Office in administering this chapter after the start of the 7-year period described in section 9003(d)(2)(B).

`(B) REIMBURSEMENT REQUIREMENT- Each master contract under this chapter shall include appropriate provisions under which the carrier involved shall, during each year, make such periodic contributions to the Long-Term Care Administrative Account as necessary to ensure that the reasonable anticipated expenses of the Office in administering this chapter during such year (adjusted to reconcile for any earlier overestimates or underestimates under this subparagraph) are defrayed.

`Sec. 9005. Preemption

`The terms of any contract under this chapter which relate to the nature, provision, or extent of coverage or benefits (including payments with respect to benefits) shall supersede and preempt any State or local law, or any regulation issued thereunder, which relates to long-term care insurance or contracts.

`Sec. 9006. Studies, reports, and audits

`(a) PROVISIONS RELATING TO CARRIERS- Each master contract under this chapter shall contain provisions requiring the carrier--

`(1) to furnish such reasonable reports as the Office of Personnel Management determines to be necessary to enable it to carry out its functions under this chapter; and

`(2) to permit the Office and representatives of the General Accounting Office to examine such records of the carrier as may be necessary to carry out the purposes of this chapter.

`(b) PROVISIONS RELATING TO FEDERAL AGENCIES- Each Federal agency shall keep such records, make such certifications, and furnish the Office, the carrier, or both, with such information and reports as the Office may require.

`(c) REPORTS BY THE GENERAL ACCOUNTING OFFICE- The General Accounting Office shall prepare and submit to the President, the Office of Personnel Management, and each House of Congress, before the end of the third and fifth years during which the program under this chapter is in effect, a written report evaluating such program. Each such report shall include an analysis of the competitiveness of the program, as compared to both group and individual coverage generally available to individuals in the private insurance market. The Office shall cooperate with the General Accounting Office to provide periodic evaluations of the program.

`Sec. 9007. Jurisdiction of courts

`The district courts of the United States have original jurisdiction of a civil action or claim described in paragraph (1) or (2) of section 9003(c), after such administrative remedies as required under such paragraph (1) or (2) (as applicable) have been exhausted, but only to the extent judicial review is not precluded by any dispute resolution or other remedy under this chapter.

`Sec. 9008. Administrative functions

`(a) IN GENERAL- The Office of Personnel Management shall prescribe regulations necessary to carry out this chapter.

`(b) ENROLLMENT PERIODS- The Office shall provide for periodic coordinated enrollment, promotion, and education efforts in consultation with the carriers.

`(c) CONSULTATION- Any regulations necessary to effect the application and operation of this chapter with respect to an eligible individual described in paragraph (3) or (4) of section 9001, or a qualified relative thereof, shall be prescribed by the Office in consultation with the appropriate Secretary.

`(d) INFORMED DECISIONMAKING- The Office shall ensure that each eligible individual applying for long-term care insurance under this chapter is furnished the information necessary to enable that individual to evaluate the advantages and disadvantages of obtaining long-term care insurance under this chapter, including the following:

`(1) The principal long-term care benefits and coverage available under this chapter, and how those benefits and coverage compare to the range of long-term care benefits and coverage otherwise generally available.

`(2) Representative examples of the cost of long-term care, and the sufficiency of the benefits available under this chapter relative to those costs. The information under this paragraph shall also include--

`(A) the projected effect of inflation on the value of those benefits; and

`(B) a comparison of the inflation-adjusted value of those benefits to the projected future costs of long-term care.

`(3) Any rights individuals under this chapter may have to cancel coverage, and to receive a total or partial refund of premiums. The information under this paragraph shall also include--

`(A) the projected number or percentage of individuals likely to fail to maintain their coverage (determined based on lapse rates experienced under similar group long-term care insurance programs and, when available, this chapter); and

- ^(B)(i) a summary description of how and when premiums for long-term care insurance under this chapter may be raised;
- ^(ii) the premium history during the last 10 years for each qualified carrier offering long-term care insurance under this chapter; and
- ^(iii) if cost increases are anticipated, the projected premiums for a typical insured individual at various ages.

^(4) The advantages and disadvantages of long-term care insurance generally, relative to other means of accumulating or otherwise acquiring the assets that may be needed to meet the costs of long-term care, such as through tax-qualified retirement programs or other investment vehicles.

^Sec. 9009. Cost accounting standards

^The cost accounting standards issued pursuant to section 26(f) of the Office of Federal Procurement Policy Act (41 U.S.C. 422(f)) shall not apply with respect to a long-term care insurance contract under this chapter.'

(b) CONFORMING AMENDMENT- The analysis for part III of title 5, United States Code, is amended by adding at the end of subpart G the following:

90. Long-Term Care Insurance.....9001

SEC. 1003. EFFECTIVE DATE.

The Office of Personnel Management shall take such measures as may be necessary to ensure that long-term care insurance coverage under title 5, United States Code, as amended by this title, may be obtained in time to take effect not later than the first day of the first applicable pay period of the first fiscal year which begins after the end of the 18-month period beginning on the date of the enactment of this Act.

Appendix B

Profile of Employees and Retirees

There are two demographic data tables in this Appendix (Table 1 and Table 2 on the following pages) and additional demographic data tables (in Microsoft Excel) on the same website where this RFP is posted (www.opm.gov/insure/procure).

We have also listed several web sites that have more demographic information.

While the web sites may be useful, we do not believe they are necessary for preparing a proposal.

TABLE 1
Active Duty Members of the Uniformed Services
Education Levels as of December 31, 2000

Education	Sex	Enlisted	Officers	TOTAL
Not a	Female	589	2	591
HS Graduate	Male	9,013	50	9,063
	Total	9,602	52	9,654
GED	Female	2,801	5	2,806
	Male	36,610	84	36,694
	Total	39,411	89	39,500
Alternate	Female	1,362	17	1,379
Education	Male	12,623	151	12,774
	Total	13,985	168	14,153
High School	Female	142,399	296	142,695
Graduate	Male	833,515	3,805	837,320
	Total	975,914	4,101	980,015
Some	Female	13,992	897	14,889
College	Male	63,738	9,459	73,197
	Total	77,730	10,356	88,086
BA/BS	Female	7,344	15,904	23,248
	Male	29,687	92,799	122,486
	Total	37,031	108,703	145,734
Masters	Female	928	11,964	12,892
	Male	3,270	68,047	71,317
	Total	4,198	80,011	84,209
PhD	Female	25	1,006	1,031
	Male	114	5,497	5,611
	Total	139	6,503	6,642
Unknown	Female	1,697	1,799	3,496
	Male	11,322	9,695	21,017
	Total	13,019	11,494	24,513
TOTAL	Female	171,137	31,890	203,027
	Male	999,892	189,587	1,189,479
	Total	1,171,029	221,477	1,392,506

TABLE 2
Federal Employees in the Civilian Personnel Data File*
Educational Levels as of March 2001

Education	Female	Male	Unspecified	Total
Unspecified	23,253	20,073	8	43,334
Less than High School	11,440	13,705		25,145
High School Graduate	241,195	241,313	4	482,512
Terminal Degree	48,590	34,685		83,275
Some College	170,328	163,917		334,245
Associate Degree	46,718	47,965		94,683
Bachelor's Degree	168,011	268,824		436,835
Above Bachelor's	18,126	35,612		53,738
Master's Degree	59,572	100,647	1	160,220
PhD.	10,575	29,821		40,396
TOTAL	797,808	956,562	13	1,754,383

*The Civilian Personnel Data File (CPDF) includes all Executive Branch agencies except the Postal Service, Postal Rate Commission, Central Intelligence Agency, National Security Agency, Defense Intelligence Agency, National Imagery and Mapping Agency, Tennessee Valley Authority, White House Office, Office of the Vice President and the Board of Governors of the Federal Reserve. In the Legislative Branch, only the Government Printing Office, US Tax Court and selected commissions are included. The Judicial Branch is entirely excluded as are nonappropriated Fund employees in the Department of Defense and foreign nationals outside of the United States and its territories.

The CPDF data is sufficient for FLTCIP estimation purposes.

**Tables Separately Posted on Website in Microsoft Excel
Federal Employees and Annuitants
Distribution Reports**

The Civilian Distribution file contains the following sheets:

1. Employee Distribution By Age/Salary - Males
2. Employee Distribution By Age/Salary – Females
3. Annuitant Distribution By Age/Salary – Civil Service Retirement System (CSRS) Males
4. Annuitant Distribution By Age/Salary – CSRS Females
5. Annuitant Distribution By Age/Salary – Federal Employees Retirement System (FERS) Males
6. Annuitant Distribution By Age/Salary – FERS Females
7. Survivor Distribution By Age/Salary – CSRS Males
8. Survivor Distribution By Age/Salary – CSRS Females
9. Survivor Distribution By Age/Salary – FERS Males
10. Survivor Distribution By Age/Salary – FERS Females

The Uniformed Services Distribution File contains the following sheets:

1. Active Duty Distribution By Age/Salary/Marital Status/Sex
2. Active Duty Reservists Distribution By Age/Salary/Marital Status/Sex
3. Retired Reservists Distribution By Age/Salary/Marital Status/Sex
4. Retired Active Duty Distribution By Age/Salary/Marital Status/Sex

Websites with Additional Demographic Information

<http://www.opm.gov/feddata/index.htm>

<http://www.opm.gov/feddata/demograp/demograp.htm>

<http://www.fedscope.opm.gov/index.htm>

<http://web1.whs.osd.mil/mmid/mmidhome.htm>

<http://web1.whs.osd.mil/mmid/pubs.htm>

<http://web1.whs.osd.mil/DIORCAT.htm>

Appendix C

Communication Vehicles

We expect the Contractor to concentrate the marketing and enrollment campaign on the populations that can be “touched” – Federal employees and retirees, and members and retired members of the uniformed services. We do not expect the Contractor to attempt to reach the peripheral groups, such as spouses, adult children, parents, etc. Individuals in those groups can request information by raising their hand (visiting the web site, calling a toll-free number, etc). They will not receive information without coming forward to request it.

We also expect that the Contractor will discuss, plan, and schedule all communications events with FLTCIP personnel before implementation.

Uniformed Services

The Contractor can distribute information and materials among members of the uniformed services using several methods.

Implementation Coordinators

The Office of the Secretary of Defense will issue a memorandum to each of the military departments to ensure they are aware of the Long-Term Care Security Act and the need for their participation in the process to educate the military populace about the FLTCIP. Additionally, the memorandum will request that each of the services appoint a Long Term Care Insurance Implementation Coordinator who can direct and coordinate implementation and roll-out activities.

Publicity/Communications

Communications with servicemembers are decentralized and initiated at various levels. These include the Department of Defense and each of the Services, as well as command, installation, and unit levels. Information is passed through a variety of channels: Unit/commander, functional area, word-of-mouth, public affairs, and traditional media. Communications through these sources have secondary spillover effects into federal employee, retiree, and family audiences. Public Affairs offices are the most direct method for awareness campaigns, and will be available to provide information about the FLTCIP through sources, such as the American Forces Information Service and the Services’ public affairs programs. These channels will provide support to ensure initial awareness of the program in accordance with pertinent Department of Defense and Service regulations.

Unit/commander and functional area sources (e.g., Finance, Personnel, commanders, and senior enlisted personnel) are significant secondary sources of information. Advertising in traditional media (installation newspapers, local publications near installations, publications targeting military markets, service-affiliation organizations) may be worthwhile.

Websites

Program publicity should be distributed through various network websites, such as that available through the worldwide Family Support Centers. Information can possibly be distributed by establishing system links network-wide.

Bulk Distribution Channels

We anticipate the Contractor will be able to mail educational/informational pamphlets to the military departments via the networks identified by the Implementation Coordinators, probably using the military Services' forms and publications distribution systems for small bullet-style information papers and short pamphlets.

Federal Employees

Decentralized

Communicating with Federal employees is decentralized at the agency/department level. We do not have one master list of email addresses for all Federal employees, nor do we have a master list of home addresses for all of them. We are not expecting the Contractor to mail information directly to all employees' home addresses. The rest of this section describes what communications vehicles are available, and how the Contractor can use them.

Implementation Coordinators

We sent a memorandum to the heads of all Federal agencies/departments asking that they each designate an Implementation Coordinator to serve as that agency/department's point of contact for the FLTCIP. We can share names, email addresses and phone numbers of these Coordinators with the successful Contractor. They can help schedule employee meetings and facilitate the educational and marketing campaigns. Contractors should propose the best use of this communication vehicle. See OPM's memorandum at the end of Appendix B.

LTCInfo Listserv

That memorandum also announced a new automated email listserv called LTCInfo. All Implementation Coordinators are supposed to subscribe to the listserv, but we have also encouraged any other agency/department human resources professional to subscribe. The number of subscribers is growing rapidly. We had over 375 subscribers when we wrote this Statement of Work. Contractors should propose the best use of this communications vehicle as well.

Federal Benefits Officers

Each agency/department has at least one official headquarters benefits officer who handles open seasons and information dissemination on the various Federal benefits – retirement, thrift savings plan, health benefits, life insurance, leave programs, etc. There are approximately 150 benefits officers. For many agencies/departments, the FLTCIP Implementation Coordinator will also be a benefits officer. For others, the two responsibilities may be split. Agencies/departments were still designating FLTCIP Implementation Coordinators at the time we wrote this Statement of Work.

We hold regular meetings of the benefits officers in OPM's auditorium. The Contractor can plan to use these meetings to talk about issues with the new long term care insurance program. In the meeting announcements, when applicable, we can ask that implementation coordinators (if different from the benefits officers) also attend.

We have specifically told benefits officers and Implementation Coordinators that we do not expect them to become conversant with long term care insurance issues and they will not be responsible for educating their employees about the new program. This is very different from the way we

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handle the retirement, health and life insurance programs. In those programs, the human resources professionals ARE the front-line for providing information about the programs.

We envision that the FLTCIP will take an entirely different direction. As we envision it, the Contractor will be responsible for educating employees and answering their questions using such avenues as auditorium meetings, the Internet, interactive voice response systems, a toll-free phone number, satellite broadcasts, pamphlets, enrollment kits, etc. We are NOT expecting human resources professionals to become long term care experts and converse knowledgeably with employees about activities of daily living, non-forfeiture benefits, inflation protection, claims triggers, estate planning, etc. That's what the Contractor will do. What we will expect is that when employees approach their agencies with a question, the human resources professionals would know to refer them to the toll-free number (not set up yet), the website, the pamphlets, the schedule of employee meetings, etc. Agency human resources professionals will be conduits in directing employees where to go for answers, as opposed to answering the questions directly.

Payroll Officers

Each agency/department also has a payroll officer to deal with payroll and financial issues related to the benefits programs. There is a separate automated email listserv for payroll officers called FINPAY. Some payroll officers have also joined the LTCInfo listserv. We can ask payroll officers to attend meetings of the benefits officers and/or schedule meetings devoted to payroll matters.

We already met with an ad hoc group of payroll officers to discuss possibilities for handing payroll deduction for the FLTCIP. The Contractor can use that group to discuss or develop other payroll issues.

Websites

We have an Internet web site devoted to the FLTCIP at www.opm.gov/insure/ltc. We plan to advertise this web site in the health benefits guides that we distribute during our annual health benefits open season (November 12 to December 10, 2001), and on our health benefits web site, which received a high volume of hits during last year's open season.

You can view historical activity statistics for the entire "insure" website at <http://apps.opm.gov/support/archive/index.htm>.

We have also advertised the FLTCIP website to the heads of agencies/departments and to agency/department human resources professionals (see letter at the end of Appendix B).

Individual Federal agencies/departments also have their own Internet web sites and/or Intranets. The Contractor can develop "turn-key" announcements to forward to agencies to post on their web sites.

Access to the Internet

The most recent statistics that measure overall Internet access by Federal employees dates back to late 1999/early 2000 when OPM's Benefits Officers Resource Center commissioned a survey of Federal employees on benefits. In response to the question, "Do you have access to the Internet/World Wide Web?", Federal employees (excluding Postal Service employees) answered:

Yes, access at work	79.02 percent
Yes, access at home	58.78 percent
Yes, at some other source	3.90 percent
No	7.80 percent

The results differ substantially when United States Postal Service employees are included, because most Postal employees do not work at a desk. Those responses were:

Yes, access at work	51.89 percent
Yes, access at home	53.78 percent
Yes, at some other source	5.79 percent
No	22.17 percent

Access, of course, is not necessarily usage. But it is reasonable to expect that both access and usage have increased since the benefits survey.

The survey also asked employees how they prefer to receive information about their benefits. Here are the responses:

Excluding Postal employees:

In person (one-on-one)	49.27 percent
Group briefings/presentations	33.90 percent
By telephone	4.88 percent
Through email	18.05 percent
Through the Internet	12.20 percent

Including Postal employees:

In person (one-on-one)	68.39 percent
Group briefings/presentations	39.80 percent
By telephone	8.94 percent
Through email	15.62 percent
Through the Internet	13.22 percent

Payroll Stuffers

Most, if not all, Federal employees receive their pay through electronic funds transfer. They may or may not receive a hard-copy statement of their pay each pay period. The Contractor should not plan on using payroll stuffers as an effective means of conveying information to Federal employees.

Bulk Distribution Channels

We expect the Contractor to mail educational/informational pamphlets to Federal agencies/departments for their further distribution to the Federal employees at their worksites. We use this same method to distribute bulk materials for our annual health benefits program to Federal agencies/departments. We anticipate that the Contractor can use the same distribution list for the FLTCIP. We update this list every August. Last year we sent the main health benefits informational booklet to approximately 500 different distribution sites.

Benefits Administration Letters

We also send Benefits Administration Letters (BALs) to the human resources professionals at all of the Federal agencies/departments. We post the Benefits Administration Letters on OPM's BAL website at www.opm.gov/asd/htm/bal01.htm and on the human resources page of the FLTCIP web site at www.opm.gov/insure/ltc/hr.htm. We also distribute all BALs via email to subscribers of the BENEFITSInfo listserv and those specifically on long term care insurance to subscribers of the LTCInfo listserv.

We use the BALs to send information and instructions to agencies, and can also send them pattern letters, pattern emails, pattern articles, pattern HTML text, etc., for use in employee letters, employee emails, house publications, Intranets, etc. This is a good way to get information to employees through their human resources offices.

Satellite Broadcasts

The Human Resources Management Council (HRMC) is comprised of the human resources directors from all of the Federal departments and independent agencies. The HRMC meets monthly and, when applicable, can discuss long term care insurance issues and bring themes/messages/education back to their own agency/department.

The HRMC sponsors the Federal HR Forum, an established system for broadcasting presentations of interest to Federal employees through satellite transmission and downlinking to Federal sites across the country and overseas. The HRMC has established relationships with contractors and agencies with studio facilities to air the programs. It also has an established system of duplicating and distributing videotapes of the broadcasts to reach an even larger audience. The HRMC is also beginning to use web streaming to make the broadcasts available to employees at their desk. The Contractor can tap into these established channels to produce broadcasts about the FLTCIP.

We have already tentatively scheduled an initial satellite broadcast in February 2002 to educate the audience about long term care and long term care insurance in general. We expect the Contractor to assist in this effort, however we will bear the majority of the cost, estimated at \$35,000. We expect that the Contractor will want to schedule at least one more broadcast, aimed at the specifics of the FLTCIP. We will not bear any of that cost, outside of providing the broadcasting facility.

Other

Many Federal employees read publications such as the Federal Times, Federal Employees News Digest, Federal Managers Association newsletters, FedNews Online, etc.

Federal Annuitants

Correspondence Addresses

We have correspondence addresses for Federal annuitants and survivor annuitants who are on OPM's rolls receiving an annuity. Reaching these populations will be relatively simple and straightforward, because the Contractor can use the addresses to mail information directly to annuitants. The only downside is that this is an expensive communications tool due to postage costs.

Access to Internet

According to the results from our most recent survey of Federal annuitants (fiscal year 2000), 53 percent of the respondents said that they have access to the Internet. Of that 53 percent, 88 percent said that they access the Internet from their home, and 36 percent said they have accessed OPM's web site.

Annuity Payment Stuffers

Most, if not all, Federal annuitants receive their annuities through electronic funds transfer. They do not receive a hard-copy of their annuity benefits each month. They only receive one if their annuity payment differs from the payment for the previous month. Federal annuitants do receive a mailed statement of benefits in January of each year.

Other

Many Federal annuitants also read Retirement Life magazine published by the National Association of Retired Federal Employees.



***Retirement and Insurance Service
Benefits Administration Letter***

Number: 01-903

Date: May 15, 2001

Subject: Long Term Care Insurance Program: Letter from OPM's Acting Director

The Letter

You may have already seen the letter that our Acting Director, Mr. Steven R. Cohen, recently sent to the heads of all departments and independent agencies. We also emailed a copy of his letter to members of the Human Resources Management Council. If you haven't already, please take a few minutes to read the attached letter.

Implementation Coordinators

Mr. Cohen asked department and agency heads to support the new long term care insurance program and designate an Implementation Coordinator to direct and coordinate implementation and roll-out activities for their department/agency. We expect the Implementation Coordinators to become supporters of the product and to be available throughout the enrollment period that starts sometime in 2002 and may extend into 2003. We will work with a representative team of Implementation Coordinators to develop a roll-out strategy that will be successful and doable from an agency perspective.

Federal Benefits Officers

We recognize the vital role that Federal Benefits Officers and other agency human resources professionals already play with respect to retirement and insurance benefits for employees. You may be asked to serve as an Implementation Coordinator, or you could be working with someone else. Either way, I imagine you'll be involved.

The Good News

As we envision the program, we are NOT expecting agency human resources professionals to become conversant with long term care issues and be responsible for educating their employees about the new program. This is very different from the way we handle the retirement, health and life insurance programs. In those programs, the HR professionals ARE the front-line for providing information about the programs. We envision that this new program will take an entirely different direction -- the long term care insurance carrier will be responsible for educating employees and answering their questions using such avenues as auditorium meetings, the web site, a toll-free phone number, satellite broadcasts, pamphlets, enrollment kits, etc.

But we are NOT expecting HR professionals to become long term care experts. We are not expecting you and other HR professionals to converse knowledgeably with employees about activities of daily living, non-forfeiture benefits, inflation protection, claims triggers, estate planning, etc. That's what the insurance carrier will do. What we will expect is that when an

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employee approaches you with a question, you would know to refer him/her to the toll-free number (not set up yet), refer him/her to the website, the pamphlets, the schedule of employee meetings, etc. HR professionals will be conduits in directing employees where to go for answers, as opposed to answering the questions directly.

And we will tell you what the information channels will be (through Benefits Administration Letters, the annual Federal Benefits Conference, our new email listserv (described below), our HR page on the long term care website (www.opm.gov/insure/ltc/hr.htm), etc.)

We already know that we WILL need your help with:

- arranging for the distribution of educational and marketing materials,
- setting up employee briefings,
- showing and possibly participating in satellite broadcasts, and
- interacting with our insurance partners and us during the open enrollment period.

Please stay tuned for more information on how you can help with these items.

Listserv

As you'll also see in the attached letter, we set up an automated email "listserv" for human resources professionals. We'd like each benefits officer and designated Implementation Coordinator to subscribe to the listserv. We plan to use it throughout the educational and enrollment process. We're also asking human resources professionals at field installations to subscribe to the listserv to receive information about the upcoming open enrollment period. Instructions on how to subscribe are included in the attached letter.

As soon as a substantial number of people subscribe, we will begin sending out detailed information via the listserv and asking for feedback on a number of items.

We sure appreciate your support of this exciting new program!



Frank D. Titus
Assistant Director
for Long Term Care

Attachment

[Signed May 4, 2001]

MEMORANDUM FOR HEADS OF DEPARTMENTS AND INDEPENDENT
AGENCIES

FROM: STEVEN R. COHEN
Acting Director

Subject: Long Term Care Implementation Coordinators

I need your help in identifying an agency coordinator who can work with us as we implement the new long term care insurance program.

As you know, the Long Term Care Security Act authorized the Office of Personnel Management to contract for a long term care insurance program for the "Federal family" - active employees, members of the uniformed services, civilian and military retirees, their survivors, spouses and a host of other qualified relatives.

Since the passage of the law in September 2000, we have been meeting with stakeholder groups, industry representatives, and independent experts. One result is a tentative product design that we have posted at www.opm.gov/insure/ltc. Another is gaining an understanding of the critical importance of active employer support and endorsement to ensure a successful group long term care insurance offering. While our education and marketing plans will not be fully developed until we have selected our long term care insurance partner(s) this October, I expect that they will include opportunities for your personal involvement. I am writing to request your active support and participation as we develop our plans.

We already know that we will need support in many areas, including:

- arranging for the distribution of educational and marketing materials,
- setting up employee briefings,
- participating in satellite broadcasts, and
- interacting with our insurance partners and us during the open enrollment period.

To that end, I am asking you to identify a Long Term Care Insurance (LTCI) Implementation Coordinator who can direct and coordinate implementation and roll-out activities in your agency. Benefits Officers for the retirement and insurance programs already exist in all agencies. We expect LTCI Implementation Coordinators to become supporters of the product and to be available throughout the enrollment period that will begin in 2002 and may extend into 2003. We will work with a representative team of Implementation Coordinators to develop a roll-out strategy that will be successful and doable from an agency perspective.

While the LTCI program will not be operational until October 2002, we are developing an email "listserv" of the designated Implementation Coordinators now, so that we can interact with them throughout the planning process. We also encourage Coordinators to ask their field installations

Solicitation No. OPM-01-RFP-0016

to subscribe to the listserv to receive information about the upcoming open enrollment period. Instructions on how to subscribe are attached.

We appreciate and thank you for your support of this very important benefits program. If you have any questions, please call Frank Titus, Assistant Director for Long Term Care, or a member of his team at 202-606-1413.

Attachment

Attachment [to memorandum from Mr. Cohen]

How to Subscribe to the New Listserv for Long Term Care Insurance

1. Send an email to listserv@listserv.opm.gov
 - a. Put whatever you want in the subject line of your email. The subject is not used in the subscription process.
 - b. In the BODY of the message type:
SUBSCRIBE LTCINFO firstname lastname, substituting your own first and last names.
 - c. Do not put anything else in the body of the email.
 - d. The computer stores the email address that you used to send the message as the email address that you wish to receive the listserv emails. So if your outgoing email address is different from the address you want to receive the incoming email, you cannot subscribe this way. Instead you must send an email to Laura Lawrence at ljlawren@opm.gov and explain the problem. She can add you to the list manually.
2. You should receive a CONFIRMATION email soon after sending your SUBSCRIBE email. If you do not, then there is something wrong with your outgoing email message. Please double-check that you followed the instructions exactly. If you continue to have problems, please email Laura Lawrence at ljlawren@opm.gov.
3. Follow the instructions in the Confirmation email reply exactly. You will not be subscribed to the listserv until you reply to the Confirmation email as stated in that message. The Confirmation email will also contain instructions on how to cancel your subscription.
4. Encourage other human resources professionals to subscribe. This listserv will operate well into 2003, so please make sure that new HR personnel subscribe when they come onboard. We need your support to make this work!

If you have any questions, please call Ms. Lawrence at 202-606-1433.

Appendix D

Zip Code Information

In order to facilitate a cluster analysis for Federal employees and annuitants, we have created text files (.txt) containing zip code information. Contractors who will definitely be performing cluster analyses using zip code distributions for purposes of responding to this Request for Proposals may request copies of the files by sending an email to Mr. Andre Adams at adadams@opm.gov. You should put "Zip Code Request" in the subject line of your email. He will reply by attaching the two files. Contractors cannot use this information in any way other than as input to responding to this RFP.

Federal Employees

The National Finance Center of the U.S. Department of Agriculture gave us a CD-ROM containing a listing of all active Thrift Savings Plan (TSP) participants as of April 26, 2001, broken down by ZIP+4 codes (this does not include annuitants). We took their data and aggregated it into 5 digit zip codes because the vast majority of ZIP+4 codes had only one or two entries.

The file (emplzip.txt) is an ASCII text file with 37,521 records (549kb) and contains one record for each zip code in which an active TSP participant resides. Any active participant who does not have any zip code information filed with TSP is totaled into the count for the zip code "00000".

The format of the file is:

Columns	Contents
1 – 5	Zip code (5 digits)
6 – 6	Comma as delimiter
7 – 13	Count of TSP participants in that zip code (7 digits)

Federal Annuitants

We took the correspondence addresses for all active Federal annuitants in our annuity roll, including survivor annuitants and deferred annuitants currently receiving an annuity. We sorted it by 5 digit zip code. Deferred annuitants and survivors of deferred annuitants, though included in the data, are not currently eligible for the FLTCIP. However, the number of these individuals is insignificant to the data as a whole. The data does not include 26,041 annuitants whose net annuity payment was zero (meaning that the amount of their deductions used up all of their gross annuity, leaving a zero balance to pay).

The file (anntzip.txt) is an ASCII text file with 36,446 records (533kb) and contains one record for each zip code in which an active annuitant has his/her correspondence address.

The format of the file is:

Columns	Contents
1 – 5	Zip code (5 digits)
6 – 6	Comma as delimiter
7 – 13	Count of annuitant correspondence addresses in that zip code (7 digits)

----END OF THE STATEMENT OF WORK----

SECTION D - PACKAGING AND MARKING

D.1 MARKING

The contract number shall be placed on or adjacent to all exterior mailing or shipping labels of deliverable items called for by the contract.

Interior packages, if any, and exterior shipping containers shall be marked as specified elsewhere in the contract.

Deliveries to civilian activities: Supplies shall be marked in accordance with Federal Standard 123, edition in effect on the date of issuance of the solicitation.

Deliveries to military activities: Supplies shall be marked in accordance with Military Standard 129, edition in effect on the date of issuance of the solicitation.

Additional packaging may be specified in any delivery orders under this contract if applicable.

Mark deliverables for:

Frank Titus
U.S. Office of Personnel Management
Office for Long Term Care Implementation
1900 E Street, NW, Room 2H24
Washington, DC 20415
Telephone: (202) 606-1413
Fax: (202) 606-2023
fdtitus@opm.gov

D.2 PACKAGING AND PACKING

A. DOMESTIC SHIPMENT

Material shall be packaged and packed for shipment in such a manner that will insure acceptance by common carriers and safe delivery at destination. Containers and closures shall comply with the Interstate Commerce Commission regulations, Uniform Freight Classification Rules, National Motor Freight Classification, or regulations of other carriers as applicable to the mode of transportation.

B. OVERSEAS SHIPMENT

Supplies shall be packed for overseas shipment in accordance with the best commercial export practice suitable for water movement to arrive undamaged at ultimate destination.

Additional packaging and packing may be specified in any delivery orders under this contract.

SECTION E - INSPECTION AND ACCEPTANCE**E.1 NOTICE LISTING CONTRACT CLAUSES INCORPORATED BY REFERENCE**

The following contract clauses pertinent to this section are hereby incorporated by reference (by Citation Number, Title, and Date) in accordance with the clause at FAR "52.252-2 CLAUSES INCORPORATED BY REFERENCE" in Section I of this contract. See FAR 52.252-2 for an internet address (if specified) for electronic access to the full text of a clause.

NUMBER	TITLE (FEDERAL ACQUISITION REGULATION (48 CFR Chapter 1)	DATE
52.246-1	CONTRACTOR INSPECTION REQUIREMENTS	APR 1984

SECTION F - DELIVERIES OR PERFORMANCE**F.1 NOTICE LISTING CONTRACT CLAUSES INCORPORATED BY REFERENCE**

The following contract clauses pertinent to this section are hereby incorporated by reference (by Citation Number, Title, and Date) in accordance with the clause at FAR "52.252-2 CLAUSES INCORPORATED BY REFERENCE" in Section I of this contract. See FAR 52.252-2 for an internet address (if specified) for electronic access to the full text of a clause.

NUMBER	TITLE (FEDERAL ACQUISITION REGULATION (48 CFR Chapter 1)	DATE
52.242-15	STOP-WORK ORDER	AUG 1989
52.242-17	GOVERNMENT DELAY OF WORK	APR 1984

F.2 PERIOD OF PERFORMANCE

The period of performance of this contract will begin on the date the contract is signed, with enrollment beginning no later than October 1, 2002. The contract will continue through a period not to exceed 7 years from the date that the contract is signed, with an option to renew the contract for succeeding 7-year periods.

SECTION G - CONTRACT ADMINISTRATION DATA

G.1 METHODS OF PAYMENT

- (a) Payments under this contract will be made solely by enrollees or enrollees' representatives. There will be no payments made by the Government.
- (b) Enrollees or their representatives will make payments by:
 - (1) payroll deduction;
 - (2) automatic electronic debit; or
 - (3) direct bill, when options (1) and (2) are not feasible.
- (c) The Carrier will provide the Government with the information necessary for Federal and military payroll offices to execute payroll deduction.
- (d) Any changes to the information furnished under paragraph (c) of this clause will be furnished to the Contracting Officer and agency payroll offices in writing at least 30 days before the effective date of the change. It is the Carrier's responsibility to furnish these changes promptly to avoid payments to erroneous addresses or bank accounts.

G.2 CONTRACTING OFFICER'S REPRESENTATIVE

The Contracting Officer may designate in writing one or more Government employees, by name and position title, to take action for the Contracting Officer under this contract. Each designee shall be identified as a Contracting Officer's Representative (COR). Such designation(s) shall specify the scope and limitations of the authority so delegated; provided, that the designee shall not change the terms or conditions of the contract, unless the COR is a warranted Contracting Officer and this authority is delegated in the designation.

G.3 PRICING OF ADJUSTMENTS

When costs are a factor in any determination of a contract price adjustment pursuant to the "Changes" clause, or any other clause of this contract, such costs shall be in accordance with the contract cost principles and procedures in Part 31 of the Federal Acquisition Regulation (48 CFR Ch 1) in effect on the date of the contract.

SECTION H - SPECIAL CONTRACT REQUIREMENTS

H.1 DISCLOSURE OF INFORMATION

Any information made available to the Contractor by the Government shall be used only for the purpose of carrying out the provisions of this contract and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the contract.

In performance of this contract, the contractor assumes responsibility for protection of the confidentiality of Government records and shall ensure that all work performed by its subcontractors shall be under the supervision of the contractor or the contractor's responsible employees.

Each officer or employee of the contractor or any of its subcontractors to whom any Government record may be made available or disclosed shall be notified in writing by the contractor that information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such information, by any means, for a purpose or to an extent unauthorized herein, may subject the offender to criminal sanctions imposed by 19 U.S.C. 641. That section provides, in pertinent part, that whoever knowingly converts to their use or the use of another, or without authority, sells, conveys, or disposes of any record of the United States or whoever receives the same with intent to convert it to their use of gain, knowing it to have been converted, shall be guilty of a crime punishable by a fine of up to \$10,000, or imprisoned up to ten years, or both.

PART II - CONTRACT CLAUSES**SECTION I - CONTRACT CLAUSES****I.1 NOTICE LISTING CONTRACT CLAUSES INCORPORATED BY REFERENCE**

The following contract clauses pertinent to this section are hereby incorporated by reference (by Citation Number, Title, and Date) in accordance with the clause at FAR "52.252-2 CLAUSES INCORPORATED BY REFERENCE" in Section I of this contract. See FAR 52.252-2 for an internet address (if specified) for electronic access to the full text of a clause.

Special Note: Some of the contract clauses in this section are drawn from existing contracts with Federal Employees Health Benefits and Federal Employees' Group Life Insurance Program contractors. We believe these clauses provide important protections to the Government and enrollees. It is our strong intent to include them in the FLTCIP contract.

NUMBER	TITLE (FEDERAL ACQUISITION REGULATION (48 CFR Chapter 1)	DATE
52.203-3	GRATUITIES	APR 1984
52.203-6	RESTRICTIONS ON SUBCONTRACTOR SALES TO GOVERNMENT	JUL 1995
52.203-7	ANTI-KICKBACK PROCEDURES	JUL 1995
52.203-8	CANCELLATION, RESCISSION, AND RECOVERY OF FUNDS FOR ILLEGAL OR IMPROPER ACTIVITY	JAN 1997
52.203-10	PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY	JAN 1997
52.203-11	CERTIFICATION AND DISCLOSURE REGARDING PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS	Apr 1991
52.203-12	LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS	Jun 1997
52.204-4	PRINTED OR COPIED DOUBLE-SIDED ON RECYCLED PAPER	Aug 2000
52.204-5	WOMEN-OWNED BUSINESS (OTHER THAN SMALL BUSINESS)	May 1999
52.209-6	PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT	Jul 1995
52.215-2	AUDIT AND RECORDS-NEGOTIATION	JUN 1999
52.215-8	ORDER OF PRECEDENCE--UNIFORM CONTRACT FORMAT	OCT 1997
52.219-4	NOTICE OF PRICE EVALUATION PREFERENCE FOR HUBZONE SMALL BUSINESS CONCERNS	JAN 1999
52.219-8	UTILIZATION OF SMALL BUSINESS CONCERNS	OCT 1999
52.219-16	LIQUIDATED DAMAGES--SUBCONTRACTING PLAN	JAN 1999
52.219-25	SMALL DISADVANTAGED BUSINESS PARTICIPATION PROGRAM—DISADVANTAGED STATUS AND REPORTING	OCT 1999
52.222-1	NOTICE TO THE GOVERNMENT OF LABOR DISPUTES	FEB 1997

52.222-4	CONTRACT WORK HOURS AND SAFETY STANDARDS ACT – OVERTIME COMPENSATION	SEP 2000
52.222-29	NOTIFICATION OF VISA DENIAL	FEB 1999
52.223-14	TOXIC CHEMICAL RELEASE REPORTING	OCT 2000
52.224-1	PRIVACY ACT NOTIFICATION	APR 1984
52.224-2	PRIVACY ACT	APR 1984
52.225-13	RESTRICTIONS ON CERTAIN FOREIGN PURCHASES	JUL 2000
52.232-11	EXTRAS	APR 1984
52.232-23	ASSIGNMENT OF CLAIMS	JAN 1986
52.233-1	DISPUTES – ALTERNATE I	DEC 1998
52.233-3	PROTEST AFTER AWARD	AUG 1996
52.237-3	CONTINUITY OF SERVICES	JAN 1991
52.253-1	COMPUTER GENERATED FORMS	JAN 1991

I.2 52.252-2 CLAUSES INCORPORATED BY REFERENCE (FEB 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this address: <http://www.arnet.gov/far>.

I.3 52.202-1 DEFINITIONS (MAY 2001) (DEVIATION)

For purpose of this contract, the following definitions apply:

Authorized Representative	Any person, persons, or board (other than the Contracting Officer) authorized to act for the head of the agency or Secretary.
“Head of the agency” (also called agency head) or Secretary	The Secretary (or Attorney General, Administrator, Governor, Chairperson, or other chief official, as appropriate) of the agency.
Subcontractor	Any supplier, distributor, vendor, or firm that furnishes supplies or services to or for a prime contractor, or another subcontractor. Except as otherwise provided in this contract, the term "subcontracts" includes, but is not limited to, purchase orders and changes and modifications to purchase orders under this contract.

I.4 52.204-1 APPROVAL OF CONTRACT (DEC 1989)

This contract is subject to the written approval of the Director of the Office of Personnel Management and shall not be binding until so approved.

I.5 52.215-8 UNIFORM CONTRACT FORMAT (OCT 1997) (DEVIATION)

Any inconsistency in this contract will be resolved by giving precedence in the following descending order: The Act; any regulations to be issued under chapter 85 of title 5, Code of Federal Regulations; title 48, Code of Federal Regulations; and this contract.

I.6 52.216-5 PRICE REDETERMINATION–PROSPECTIVE (DEVIATION)

- (a) The premium prices stated in this contract will be fixed for the term of the contract, unless the Carrier and the Contracting Officer agree to a price redetermination.
- (b) Premium prices may be redetermined if supported by data that the parties agree is sufficiently different to warrant a change.
- (c) Price redetermination will be made on a class basis only.
- (d) Data submission. The Carrier shall submit—
 - (1) proposed premiums for the next succeeding period, and—
 - (i) An estimate and breakdown of the costs for long-term care insurance coverage in a format on which the parties may agree;
 - (ii) Sufficient data to support the accuracy and reliability of this estimate;
 - (iii) An explanation of the differences between this estimate and the original (or last preceding) estimate for the same insurance coverage
 - (2) A statement of all costs incurred and claims paid in performing this contract through the end of the 6th month before the submission of proposed premiums, with sufficient supporting data to disclose unit costs and cost trends and any other relevant data that the Contracting Officer may reasonable require.
- (e) Price redetermination. Upon the Contracting Officer’s receipt of the data required by paragraph (d) above, the Contracting Officer and the carrier will promptly negotiate to redetermine fair and reasonable premiums for insurance coverage to be provided in the period following the effective date of price redetermination.
- (f) Contract modifications. Each negotiated redetermination of premiums will be evidenced by a modification to this contract, signed by the Carrier and the Contracting Officer, stating the premiums that apply during the redetermination period.
- (g) Subcontracts. No subcontract placed under this contract may provide for payment on a cost-plus-a-percentage-of-cost basis.
- (h) Disagreements. If the Carrier and the Contracting Officer fail to agree upon redetermined premiums within 60 days after the date on which the data required by paragraph (d) above are to be submitted, the Contracting Officer shall promptly issue a decision in accordance with the Disputes clause. For the purpose of paragraph (f) above, and pending final settlement of the disagreement on appeal, by failure to appeal, or by agreement, this decision shall be treated as an executed contract modification. Pending final settlement, price redetermination for subsequent periods, if any, shall continue to be negotiated as provided in this clause.

I.7 52.217-8 OPTION TO EXTEND SERVICES (NOV 1999) (DEVIATION)

- (a) The Carrier recognizes that the services under this contract are vital to the Government. The Carrier agrees to continue services without interruption upon contract expiration or termination (including termination by the Carrier) until a successor is prepared to continue them. The Carrier agrees to (1) furnish phase-in training and (2) exercise its best efforts and cooperation to effect an orderly and efficient transition to a successor.
- (b) The Carrier will, upon the Contracting Officer’s written notice, (1) furnish phase-in and phase-out services for up to 10 months after this contract expires and (2) negotiate in good faith a plan with a successor to determine the nature and extent of phase-in and phase-out services required. The plan will specify a training program and a date for transferring responsibilities for each division of work described in the plan, and will be subject to the Contracting Officer’s approval. The Carrier will provide sufficient experienced personnel during the phase-in and phase-out period to ensure that the services called for by this contract are maintained at the required level of proficiency.
- (c) The Carrier will allow as many personnel as practicable to remain on the job to help the successor maintain the continuity and consistency of the services required by this contract. The Carrier also will disclose necessary personnel records and allow the successor to conduct onsite interviews with these

employees. If selected employees are agreeable to the change, the Carrier will release them at a mutually agreeable date and negotiate transfer of their earned fringe benefits to the successor.

(d) The Carrier will be reimbursed for all reasonable phase-in, phase-out costs (i.e., costs incurred within the agreed period after contract termination that result from phase-in and phase-out operations) and a profit amount not to exceed a pro rata portion of the profit amount under this contract. The amount of profit will be based upon the accurate and timely processing of benefit claims, the volume and validity of complaints received by OPM, the timeliness and adequacy of reports on operations, and responsiveness to OPM offices, enrollees, and Congress. In setting the final profit figure, obstacles overcome by the Carrier during the phase-in and phase-out period will be taken into consideration.

I.8 52.217-9 OPTION TO EXTEND THE TERM OF THE CONTRACT (MAR 2000) (DEVIATION)

(a) The Government may extend the term of this contract by written notice to the Contractor within 60 days; provided that the Government gives the Contractor a preliminary written notice of its intent to extend at least 30 days before the contract expires. The preliminary notice does not commit the Government to an extension.

(b) If the Government exercises this option, the extended contract shall be considered to include this option clause.

I.9 52.219-9 SMALL BUSINESS SUBCONTRACTING PLAN (OCT 2000)

(a) This clause does not apply to small business concerns.

(b) *Definitions.* As used in this clause--

"Commercial item" means a product or service that satisfies the definition of commercial item in section 2.101 of the Federal Acquisition Regulation.

"Commercial plan" means a subcontracting plan (including goals) that covers the offeror's fiscal year and that applies to the entire production of commercial items sold by either the entire company or a portion thereof (*e.g.*, division, plant, or product line).

"Individual contract plan" means a subcontracting plan that covers the entire contract period (including option periods), applies to a specific contract, and has goals that are based on the offeror's planned subcontracting in support of the specific contract, except that indirect costs incurred for common or joint purposes may be allocated on a prorated basis to the contract.

"Master plan" means a subcontracting plan that contains all the required elements of an individual contract plan, except goals, and may be incorporated into individual contract plans, provided the master plan has been approved.

"Subcontract" means any agreement (other than one involving an employer-employee relationship) entered into by a Federal Government prime Contractor or subcontractor calling for supplies or services required for performance of the contract or subcontract.

(c) The offeror, upon request by the Contracting Officer, shall submit and negotiate a subcontracting plan, where applicable, that separately addresses subcontracting with small business, veteran-owned small business, HUBZone small business concerns, small disadvantaged business, and women-owned small business concerns. If the offeror is submitting an individual contract plan, the plan must separately address subcontracting with small business, veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns, with a separate part for the basic contract and separate parts for each option (if any). The plan shall be included in and made a part of the resultant contract. The subcontracting plan shall be negotiated within the time specified by the Contracting Officer. Failure to submit and negotiate the subcontracting plan shall make the offeror ineligible for award of a contract.

(d) The offeror's subcontracting plan shall include the following:

(1) Goals, expressed in terms of percentages of total planned subcontracting dollars, for the use of small business, veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns as subcontractors. Service-disabled veteran-owned small business concerns meet the definition of veteran-owned small business concerns, and offerors may include them within the subcontracting plan goal for veteran-owned small business concerns. A separate goal for service-disabled veteran-owned small business concerns is not required. The offeror shall include all subcontracts that contribute to contract performance, and may include a proportionate share of products and services that are normally allocated as indirect costs.

(2) A statement of--

(i) Total dollars planned to be subcontracted for an individual contract plan; or the offeror's total projected sales, expressed in dollars, and the total value of projected subcontracts to support the sales for a commercial plan;

(ii) Total dollars planned to be subcontracted to small business concerns;

(iii) Total dollars planned to be subcontracted to veteran-owned small business concerns;

(iv) Total dollars planned to be subcontracted to HUBZone small business concerns;

(v) Total dollars planned to be subcontracted to small disadvantaged business concerns; and

(vi) Total dollars planned to be subcontracted to women-owned small business concerns.

(3) A description of the principal types of supplies and services to be subcontracted, and an identification of the types planned for subcontracting to--

(i) Small business concerns;

(ii) Veteran-owned small business concerns;

(iii) HUBZone small business concerns;

(iv) Small disadvantaged business concerns; and

(v) Women-owned small business concerns.

(4) A description of the method used to develop the subcontracting goals in paragraph (d)(1) of this clause.

(5) A description of the method used to identify potential sources for solicitation purposes (*e.g.*, existing company source lists, the Procurement Marketing and Access Network (PRO-Net) of the Small Business Administration (SBA), veterans service organizations, the National Minority Purchasing Council Vendor Information Service, the Research and Information Division of the Minority Business Development Agency in the Department of Commerce, or small, HUBZone, small disadvantaged, and women-owned small business trade associations). A firm may rely on the information contained in PRO-Net as an accurate representation of a concern's size and ownership characteristics for the purposes of maintaining a small, veteran-owned small, HUBZone small, small disadvantaged, and women-owned small business source list. Use of PRO-Net as its source list does not relieve a firm of its responsibilities (*e.g.*, outreach, assistance, counseling, or publicizing subcontracting opportunities) in this clause.

(6) A statement as to whether or not the offeror included indirect costs in establishing subcontracting goals, and a description of the method used to determine the proportionate share of indirect costs to be incurred with--

(i) Small business concerns;

(ii) Veteran-owned small business concerns;

(iii) HUBZone small business concerns;

(iv) Small disadvantaged business concerns; and

(v) Women-owned small business concerns.

(7) The name of the individual employed by the offeror who will administer the offeror's subcontracting program, and a description of the duties of the individual.

(8) A description of the efforts the offeror will make to assure that small business, veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns have an equitable opportunity to compete for subcontracts.

(9) Assurances that the offeror will include the clause of this contract entitled "Utilization of Small Business Concerns" in all subcontracts that offer further subcontracting opportunities, and that the

offeror will require all subcontractors (except small business concerns) that receive subcontracts in excess of \$500,000 (\$1,000,000 for construction of any public facility) to adopt a subcontracting plan that complies with the requirements of this clause.

(10) Assurances that the offeror will--

(i) Cooperate in any studies or surveys as may be required;

(ii) Submit periodic reports so that the Government can determine the extent of compliance by the offeror with the subcontracting plan;

(iii) Submit Standard Form (SF) 294, Subcontracting Report for Individual Contracts, and/or SF 295, Summary Subcontract Report, in accordance with paragraph (j) of this clause. The reports shall provide information on subcontract awards to small business concerns, veteran-owned small business concerns, service-disabled veteran-owned small business concerns, small disadvantaged business concerns, women-owned small business concerns, and Historically Black Colleges and Universities and Minority Institutions. Reporting shall be in accordance with the instructions on the forms or as provided in agency regulations.

(iv) Ensure that its subcontractors agree to submit SF 294 and SF 295.

(11) A description of the types of records that will be maintained concerning procedures that have been adopted to comply with the requirements and goals in the plan, including establishing source lists; and a description of the offeror's efforts to locate small business, veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns and award subcontracts to them. The records shall include at least the following (on a plant-wide or company-wide basis, unless otherwise indicated):

(i) Source lists (*e.g.*, PRO-Net), guides, and other data that identify small business, veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns.

(ii) Organizations contacted in an attempt to locate sources that are small business, veteran-owned small business, HUBZone small business, small disadvantaged business, or women-owned small business concerns.

(iii) Records on each subcontract solicitation resulting in an award of more than \$100,000, indicating--

(A) Whether small business concerns were solicited and, if not, why not;

(B) Whether veteran-owned small business concerns were solicited and, if not, why not;

(C) Whether HUBZone small business concerns were solicited and, if not, why not;

(D) Whether small disadvantaged business concerns were solicited and, if not, why not;

(E) Whether women-owned small business concerns were solicited and, if not, why not; and

(F) If applicable, the reason award was not made to a small business concern.

(iv) Records of any outreach efforts to contact--

(A) Trade associations;

(B) Business development organizations;

(C) Conferences and trade fairs to locate small, HUBZone small, small disadvantaged, and women-owned small business sources; and

(D) Veterans service organizations.

(v) Records of internal guidance and encouragement provided to buyers through--

(A) Workshops, seminars, training, etc.; and

(B) Monitoring performance to evaluate compliance with the program's requirements.

(vi) On a contract-by-contract basis, records to support award data submitted by the offeror to the Government, including the name, address, and business size of each subcontractor. Contractors having commercial plans need not comply with this requirement.

(e) In order to effectively implement this plan to the extent consistent with efficient contract performance, the Contractor shall perform the following functions:

(1) Assist small business, veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns by arranging solicitations, time for the preparation of bids, quantities, specifications, and delivery schedules so as to facilitate the participation by such concerns. Where the Contractor's lists of potential small business, veteran-owned small business,

HUBZone small business, small disadvantaged business, and women-owned small business subcontractors are excessively long, reasonable effort shall be made to give all such small business concerns an opportunity to compete over a period of time.

(2) Provide adequate and timely consideration of the potentialities of small business, veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns in all "make-or-buy" decisions.

(3) Counsel and discuss subcontracting opportunities with representatives of small business, veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business firms.

(4) Provide notice to subcontractors concerning penalties and remedies for misrepresentations of business status as small, veteran-owned small business, HUBZone small, small disadvantaged, or women-owned small business for the purpose of obtaining a subcontract that is to be included as part or all of a goal contained in the Contractor's subcontracting plan.

(f) A master plan on a plant or division-wide basis that contains all the elements required by paragraph (d) of this clause, except goals, may be incorporated by reference as a part of the subcontracting plan required of the offeror by this clause; provided--

(1) The master plan has been approved;

(2) The offeror ensures that the master plan is updated as necessary and provides copies of the approved master plan, including evidence of its approval, to the Contracting Officer; and

(3) Goals and any deviations from the master plan deemed necessary by the Contracting Officer to satisfy the requirements of this contract are set forth in the individual subcontracting plan.

(g) A commercial plan is the preferred type of subcontracting plan for contractors furnishing commercial items. The commercial plan shall relate to the offeror's planned subcontracting generally, for both commercial and Government business, rather than solely to the Government contract. Commercial plans are also preferred for subcontractors that provide commercial items under a prime contract, whether or not the prime contractor is supplying a commercial item.

(h) Prior compliance of the offeror with other such subcontracting plans under previous contracts will be considered by the Contracting Officer in determining the responsibility of the offeror for award of the contract.

(i) The failure of the Contractor or subcontractor to comply in good faith with--

(1) The clause of this contract entitled "Utilization Of Small Business Concerns;" or

(2) An approved plan required by this clause, shall be a material breach of the contract.

(j) The Contractor shall submit the following reports:

(1) *Standard Form 294, Subcontracting Report for Individual Contracts*. This report shall be submitted to the Contracting Officer semiannually and at contract completion. The report covers subcontract award data related to this contract. This report is not required for commercial plans.

(2) *Standard Form 295, Summary Subcontract Report*. This report encompasses all of the contracts with the awarding agency. It must be submitted semi-annually for contracts with the Department of Defense and annually for contracts with civilian agencies. If the reporting activity is covered by a commercial plan, the reporting activity must report annually all subcontract awards under that plan. All reports submitted at the close of each fiscal year (both individual and commercial plans) shall include a breakout, in the Contractor's format, of subcontract awards, in whole dollars, to small disadvantaged business concerns by North American Industry Classification System (NAICS) Industry Subsector. For a commercial plan, the Contractor may obtain from each of its subcontractors a predominant NAICS Industry Subsector and report all awards to that subcontractor under its predominant NAICS Industry Subsector.

**I.10 52.219-26 SMALL DISADVANTAGED BUSINESS PARTICIPATION PROGRAM
--INCENTIVE SUBCONTRACTING (OCT 2000) (DEVIATION)**

(a) Of the total dollars it plans to spend under subcontracts, the Contractor has committed itself in its offer to try to award a certain amount to small disadvantaged business concerns in the North American Industry Classification System (NAICS) Industry Subsectors as determined by the Department of Commerce.

(b) If the Contractor exceeds its total monetary target for subcontracting to small disadvantaged business concerns in the authorized SIC Major Groups, it will receive zero percent of the dollars in excess of the monetary target, unless the Contracting Officer determines that the excess was not due to the Contractor's efforts (e.g., a subcontractor cost overrun caused the actual subcontract amount to exceed that estimated in the offer, or the excess was caused by the award of subcontracts that had been planned but had not been disclosed in the offer during contract negotiations). Determinations made under this paragraph are not subject to the Disputes clause of this contract.

I.11 52.222-1 NOTICE TO THE GOVERNMENT OF LABOR DISPUTES (FEB 1997)

If the Contractor has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this contract, the Contractor shall immediately give notice, including all relevant information, to the Contracting Officer.

I.12 52.222-3 CONVICT LABOR (AUG 1996)

The Contractor agrees not to employ in the performance of this contract any person undergoing a sentence of imprisonment which has been imposed by any court of a State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands. This limitation, however, shall not prohibit the employment by the Contractor in the performance of this contract of persons on parole or probation to work at paid employment during the term of their sentence or persons who have been pardoned or who have served their terms. Nor shall it prohibit the employment by the Contractor in the performance of this contract of persons confined for violation of the laws of any of the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands who are authorized to work at paid employment in the community under the laws of such jurisdiction, if-

- (a)(1) The worker is paid or is in an approved work training program on a voluntary basis;
- (2) Representatives of local union central bodies or similar labor union organizations have been consulted;
- (3) Such paid employment will not result in the displacement of employed workers, or be applied in skills, crafts, or trades in which there is a surplus of available gainful labor in the locality, or impair existing contracts for services; and
- (4) The rates of pay and other conditions of employment will not be less than those paid or provided for work of a similar nature in the locality in which the work is being performed; and

(b) The Attorney General of the United States has certified that the work-release laws or regulations of the jurisdiction involved are in conformity with the requirements of Executive Order 11755, as amended by Executive Orders 12608 and 12943.

I.13 52.222-21 PROHIBITION OF SEGREGATED FACILITIES (FEB 1999)

(a) "Segregated facilities," as used in this clause, means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees, that are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, sex, or national origin because of written or oral policies or employee custom. The term does not include separate or single-user rest rooms or necessary dressing or sleeping areas provided to assure privacy between the sexes.

(b) The Contractor agrees that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. The Contractor agrees that a breach of this clause is a violation of the Equal Opportunity clause in this contract.

(c) The Contractor shall include this clause in every subcontract and purchase order that is subject to the Equal Opportunity clause of this contract.

I.14 52.222-26 EQUAL OPPORTUNITY (FEB 1999)

(a) If, during any 12-month period (including the 12 months preceding the award of this contract), the Contractor has been or is awarded nonexempt Federal contracts and/or subcontracts that have an aggregate value in excess of \$10,000, the Contractor shall comply with subparagraphs (b)(1) through (11) of this clause. Upon request, the Contractor shall provide information necessary to determine the applicability of this clause.

(b) During performance of this contract, the Contractor agrees as follows:

(1) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. However, it shall not be a violation of this clause for the Contractor to extend a publicly announced preference in employment to Indians living on or near an Indian reservation, in connection with employment opportunities on or near an Indian reservation, as permitted by 41 CFR 60-1.5.

(2) The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. This shall include, but not be limited to--

- (i) Employment;
- (ii) Upgrading;
- (iii) Demotion;
- (iv) Transfer;
- (v) Recruitment or recruitment advertising;
- (vi) Layoff or termination;
- (vii) Rates of pay or other forms of compensation; and
- (viii) Selection for training, including apprenticeship.

(3) The Contractor shall post in conspicuous places available to employees and applicants for employment the notices to be provided by the Contracting Officer that explain this clause.

(4) The Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(5) The Contractor shall send, to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, the notice to be provided by the Contracting Officer advising the labor union or workers' representative of the Contractor's commitments under this clause, and post copies of the notice in conspicuous places available to employees and applicants for employment.

(6) The Contractor shall comply with Executive Order 11246, as amended, and the rules, regulations, and orders of the Secretary of Labor.

(7) The Contractor shall furnish to the contracting agency all information required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor. The Contractor shall also file Standard Form 100 (EEO-1), or any successor form, as prescribed in 41 CFR part 60-1. Unless the Contractor has filed within the 12 months preceding the date of contract award, the Contractor shall, within 30 days after contract award, apply to either the regional Office of Federal Contract Compliance Programs (OFCCP) or the local office of the Equal Employment Opportunity Commission for the necessary forms.

(8) The Contractor shall permit access to its premises, during normal business hours, by the contracting agency or the OFCCP for the purpose of conducting on-site compliance evaluations and complaint investigations. The Contractor shall permit the Government to inspect and copy any books, accounts, records (including computerized records), and other material that may be relevant to the matter under investigation and pertinent to compliance with Executive Order 11246, as amended, and rules and regulations that implement the Executive Order.

(9) If the OFCCP determines that the Contractor is not in compliance with this clause or any rule, regulation, or order of the Secretary of Labor, this contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts, under the procedures authorized in Executive Order 11246, as amended. In addition, sanctions may be imposed and remedies invoked against the Contractor as provided in Executive Order 11246, as amended; in the rules, regulations, and orders of the Secretary of Labor; or as otherwise provided by law.

(10) The Contractor shall include the terms and conditions of subparagraphs (b)(1) through (11) of this clause in every subcontract or purchase order that is not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.

(11) The Contractor shall take such action with respect to any subcontract or purchase order as the Contracting Officer may direct as a means of enforcing these terms and conditions, including sanctions for noncompliance, provided, that if the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.

(c) Notwithstanding any other clause in this contract, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.1.

I.15 52.222-29 NOTIFICATION OF VISA DENIAL (FEB 1999) (FAR)

It is a violation of Executive Order 11246, as amended, for a Contractor to refuse to employ any applicant or not to assign any person hired in the United States, on the basis that the individual's race, color, religion, sex, or national origin is not compatible with the policies of the country where the work is to be performed or for whom the work will be performed (41 CFR 60-1.10). The Contractor agrees to notify the U.S. Department of State, Assistant Secretary, Bureau of Political-Military Affairs (PM), 2201 C Street NW, Room 7325, Washington, DC 20520, and the U.S. Department of Labor, Deputy Assistant Secretary for Federal Contract Compliance, when it has knowledge of any employee or potential employee being denied an entry visa to a country in which the Contractor is required to perform this contract, and it believes the denial is attributable to the race, color, religion, sex, or national origin of the employee or potential employee.

I.16 52.222-35 AFFIRMATIVE ACTION FOR DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA (APR 1998)

(a) Definitions as used in this clause—

“All employment openings” includes all positions except executive and top management, those positions that will be filled from within the contractor’s organization, and positions lasting 3 days or less. This term includes full-time employment, temporary employment of more than 3 days’ duration, and part-time employment.

"Appropriate office of the State employment service system," means the local office of the Federal-State national system of public employment offices with assigned responsibility to serve the area where the employment opening is to be filled, including the District of Columbia, Guam, the Commonwealth of Puerto Rico, and the Virgin Islands.

“Positions that will be filled from within the Contractor’s organization” means employment openings for which no consideration will be given to persons outside the Contractor’s organization (including any affiliates, subsidiaries, and parent companies) and includes any openings that the Contractor proposes to fill from regularly established “recall” lists. The exception does not apply to a particular opening once an employer decides to consider applicants outside of its organization.

“Veteran of the Vietnam era” means a person who—

(1) Served on active duty for a period of more than 180 days, any part of which occurred between August 5, 1964, and May 7, 1975, and was discharged or released therefrom with other than a dishonorable discharge; or

(2) Was discharged or released from active duty for a service-connected disability if any part of such active duty was performed between August 5, 1964, and May 7, 1975.

(b) *General.* (1) Regarding any position for which the employee or applicant for employment is qualified, the Contractor shall not discriminate against the individual because the individual is a disabled veteran or a veteran of the Vietnam Era. The Contractor agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified disabled veterans and veterans of the Vietnam Era without discrimination based upon their disability or veterans' status in all employment practices such as -

- (i) Employment;
 - (ii) Upgrading;
 - (iii) Demotion or transfer;
 - (iv) Recruitment;
 - (v) Advertising;
 - (vi) Layoff or termination;
 - (vii) Rates of pay or other forms of compensation; and
 - (viii) Selection for training, including apprenticeship.
- (2) The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Vietnam Era Veterans' Readjustment Assistance Act of 1972 (the Act), as amended.

(c) *Listing openings.* (1) The Contractor agrees to list all employment openings existing at contract award or occurring during contract performance, at an appropriate office of the State employment service system in the locality where the opening occurs. These openings include those occurring at any Contractor facility, including one not connected with performing this contract. An independent corporate affiliate is exempt from this requirement.

(2) State and local government agencies holding Federal contracts of \$10,000 or more shall also list all employment openings with the appropriate office of the State employment service.

(3) The listing of employment openings with the State employment service system is required at least concurrently with using any other recruitment source or effort and involves the obligations of placing a bona fide job order, including accepting referrals of veterans and non-veterans. This listing does not require hiring any particular job applicant or hiring from any particular group of job applicants and is not intended to relieve the Contractor from any requirements of Executive orders or regulations concerning nondiscrimination in employment.

(4) Whenever the Contractor becomes contractually bound to the listing terms of this clause, it shall advise the State employment service system, in each State where it has establishments, of the name and location of each hiring location in the State. As long as the Contractor is contractually bound to these

terms and has so advised the State system, it need not advise the State system of subsequent contracts. The Contractor may advise the State system when it is no longer bound by this contract clause.

(d) *Applicability*. This clause does not apply to the listing of employment openings that occur and are filled outside the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, and the Virgin Islands.

(e) *Postings*. (1) The Contractor agrees to post employment notices stating (i) the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam era, and (ii) the rights of applicants and employees.

(2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. They shall be in a form prescribed by the Deputy Assistant Secretary for Federal Contract Compliance Programs, Department of Labor (Deputy Assistant Secretary), and provided by or through the Contracting Officer.

(3) The Contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of the Act, and is committed to take affirmative action to employ, and advance in employment, qualified disabled veterans and veterans of the Vietnam era.

(f) *Noncompliance*. If the Contractor does not comply with the requirements of this clause, appropriate actions may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.

(g) *Subcontracts*. The Contractor shall include the terms of this clause in every subcontract or purchase order of \$10,000 or more unless exempted by rules, regulations, or orders of the Secretary. The Contractor shall act as specified by the Deputy Assistant Secretary to enforce the terms, including action for noncompliance.

I.17 52.222-36 AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES (JUN 1998)

(a) General. (1) Regarding any position for which the employee or applicant for employment is qualified, the Contractor shall not discriminate against any employee or applicant because of physical or mental disability. The Contractor agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified individuals with disabilities without discrimination based upon their physical or mental disabilities in all employment practices such as -

- (i) Recruitment, Advertising, and job application procedures;
- (ii) Hiring, upgrading, promotion, award of tenure, demotion, transfer, layoff, termination, right of return from layoff, and rehiring;
- (iii) Rates of pay or any other form of compensation and changes in compensation;
- (iv) Job assignments, job classifications, organizational structures, position descriptions, lines of progression, and seniority lists;
- (v) Leaves of absence, sick leave, or any other leave;
- (vi) Fringe benefits available by virtue of employment, whether or not administered by the Contractor;
- (vii) Selection and financial support for training, including apprenticeships, professional meetings, conferences, and other related activities, and selection for leaves of absence to pursue training;
- (viii) Activities sponsored by the Contractor, including social or recreational programs; and
- (ix) Any other term, condition, or privilege of employment.

(2) The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Rehabilitation Act of 1973 (29 U.S.C. 793) (the Act), as amended.

(b) *Postings*. (1) The Contractor agrees to post employment notices stating (i) the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified individuals with disabilities; and (ii) the rights of applicants and employees.

(2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. The Contractor shall ensure that applicants and employees with disabilities are informed of the contents of the notice (e.g., the Contractor may have the notice read to a visually disabled

individual, or may lower the posted notice so that it might be read by a person in a wheelchair). The notices shall be in a form prescribed by the Deputy Assistant Secretary for Federal Contract Compliance of the U.S. Department of Labor (Deputy Assistant Secretary), and shall be provided by or through the Contracting Officer.

(3) The Contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of Section 503 of the Act and is committed to take affirmative action to employ, and advance in employment, qualified individuals with physical or mental disabilities.

(c) *Noncompliance.* If the Contractor does not comply with the requirements of this clause, appropriate actions may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.

(d) *Subcontracts.* The Contractor shall include the terms of this clause in every subcontract or purchase order in excess of \$10,000 unless exempted by rules, regulations, or orders of the Secretary. The Contractor shall act as specified by the Deputy Assistant Secretary to enforce the terms, including action for noncompliance.

I.18 52.222-37 EMPLOYMENT REPORTS ON DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA (JAN 1999)

(a) Unless the Contractor is a State or local government agency, the Contractor shall report at least annually, as required by the Secretary of Labor, on--

(1) The number of disabled veterans and the number of veterans of the Vietnam era in the workforce of the contractor by job category and hiring location; and

(2) The total number of new employees hired during the period covered by the report, and of that total, the number of disabled veterans, and the number of veterans of the Vietnam era.

(b) The above items shall be reported by completing the form entitled "Federal Contractor Veterans' Employment Report VETS-100."

(c) Reports shall be submitted no later than September 30 of each year beginning September 30, 1988.

(d) The employment activity report required by paragraph (a)(2) of this clause shall reflect total hires during the most recent 12-month period as of the ending date selected for the employment profile report required by paragraph (a)(1) of this clause. Contractors may select an ending date:

(1) As of the end of any pay period during the period January through March 1st of the year the report is due, or

(2) As of December 31, if the contractor has previous written approval from the Equal Employment Opportunity Commission to do so for purposes of submitting the Employer Information Report EEO-1 (Standard Form 100).

(e) The count of veterans reported according to paragraph (a) of this clause shall be based on voluntary disclosure. Each Contractor subject to the reporting requirements at 38 U.S.C. 4212 shall invite all disabled veterans and veterans of the Vietnam era who wish to benefit under the affirmative action program at 38 U.S.C. 4212 to identify themselves to the Contractor. The invitation shall state that the information is voluntarily provided; that the information will be kept confidential; that disclosure or refusal to provide the information will not subject the applicant or employee to any adverse treatment; and that the information will be used only in accordance with the regulations promulgated under 38 U.S.C. 4212.

(f) *Subcontracts.* The Contractor shall include the terms of this clause in every subcontract or purchase order of \$10,000 or more unless exempted by rules, regulations, or orders of the Secretary.

I.19 52.223-6 DRUG-FREE WORKPLACE (JAN 1997)

(a) *Definitions.* As used in this clause--

"Controlled substance" means a controlled substance in schedules I through V of section 202 of the Controlled Substances Act (21 U.S.C. 812) and as further defined in regulation at 21 CFR 1308.11-1308.15.

"Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes.

"Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, possession or use of any controlled substance.

"Drug-free workplace" means the site(s) for the performance of work done by the Contractor in connection with a specific contract at which employees of the Contractor are prohibited from engaging in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance.

"Employee" means an employee of a Contractor directly engaged in the performance of work under a Government contract. Directly engaged is defined to include all direct cost employees and any other Contractor employee who has other than a minimal impact or involvement in contract performance.

"Individual" means an offeror/contractor that has no more than one employee including the offeror/contractor.

(b) The Contractor, if other than an individual, shall - within 30 days after award (unless a longer period is agreed to in writing for contracts of 30 days or more performance duration); or as soon as possible for contracts of less than 30 days performance duration -

(1) Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition (2) Establish an ongoing drug-free awareness program to inform such employees about-

- (i) The dangers of drug abuse in the workplace;
- (ii) The contractor's policy of maintaining a drug-free workplace;
- (iii) Any available drug counseling, rehabilitation, and employee assistance programs; and
- (iv) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

(3) Provide all employees engaged in performance of the contract with a copy of the statement required by subparagraph (b)(1) of this clause;

(4) Notify such employees in writing in the statement required by subparagraph (b)(1) of this clause that, as a condition of continued employment on this contract, the employee will -

- (i) Abide by the terms of the statement; and
- (ii) Notify the employer in writing of the employee's conviction under a criminal drug statute for a violation occurring in the workplace no later than 5 days after such conviction.

5) Notify the Contracting Officer in writing within 10 days after receiving notice under subdivision (b)(4)(ii) of this clause, from an employee or otherwise receiving actual notice of such conviction. The notice shall include the position title of the employee;

(6) Within 30 days after receiving notice under subdivision (b)(4)(ii) of this clause of a conviction, take one of the following actions with respect to any employee who is convicted of a drug abuse violation occurring in the workplace:

- (i) Taking appropriate personnel action against such employee, up to and including termination; or
- (ii) Require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency; and

(7) Make a good faith effort to maintain a drug-free workplace through implementation of subparagraphs (b)(1) through (b)(6) of this clause.

(c) The Contractor, if an individual, agrees by award of the contract or acceptance of a purchase order, not to engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance while performing this contract.

(d) In addition to other remedies available to the Government, the Contractor's failure to comply with the requirements of paragraph (b) or (c) of this clause may, pursuant to FAR 23.506, render the

Contractor subject to suspension of contract payments, termination of the contract for default, and suspension or debarment.

I.20 52.227-1 AUTHORIZATION AND CONSENT (JUL 1995)

(a) The Government authorizes and consents to all use and manufacture, in performing this contract or any subcontract at any tier, of any invention described in and covered by a United States patent (1) embodied in the structure or composition of any article the delivery of which is accepted by the Government under this contract or (2) used in machinery, tools, or methods whose use necessarily results from compliance by the Contractor or a subcontractor with (i) specifications or written provisions forming a part of this contract or (ii) specific written instructions given by the Contracting Officer directing the manner of performance. The entire liability to the Government for infringement of a patent of the United States shall be determined solely by the provisions of the indemnity clause, if any, included in this contract or any subcontract hereunder (including any lower-tier subcontract), and the Government assumes liability for all other infringement to the extent of the authorization and consent herein above granted.

(b) The Contractor agrees to include, and require inclusion of, this clause, suitably modified to identify the parties, in all subcontracts at any tier for supplies or services (including construction, architect-engineer services, and materials, supplies, models, samples, and design or testing services expected to exceed the simplified acquisition threshold); however, omission of this clause from any subcontract, including those at or below the simplified acquisition threshold, does not affect this authorization and consent.

I.21 52.227-2 NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT (AUG 1996)

(a) The Contractor shall report to the Contracting Officer, promptly and in reasonable written detail, each notice or claim of patent or copyright infringement based on the performance of this contract of which the contractor has knowledge.

(b) In the event of any claim or suit against the Government on account of any alleged patent or copyright infringement arising out of the performance of this contract or out of the use of any supplies furnished or work or services performed under this contract, the Contractor shall furnish to the Government, when requested by the Contracting Officer, all evidence and information in possession of the Contractor pertaining to such suit or claim. Such evidence and information shall be furnished at the expense of the Government except where the Contractor has agreed to indemnify the Government.

(c) The Contractor agrees to include, and require inclusion of, this clause, in all subcontracts at any tier for supplies or services (including construction and architect-engineer subcontracts and those for materials, supplies, models, samples, or design or testing services) expected to exceed the simplified acquisition threshold at FAR 2.101.

I.22 52.229-3 FEDERAL, STATE, AND LOCAL TAXES (JAN 1991)

(a) "Contract date," as used in this clause, means the date set for bid opening or, if this is a negotiated contract or a modification, the effective date of this contract or modification.

"All applicable Federal, State, and local taxes and duties," as used in this clause, 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.

"After-imposed Federal tax," as used in this clause, means any new or increased Federal excise tax or duty, or tax that was exempted or excluded on the contract date but whose exemption was later revoked

or reduced during the contract period, 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. It does not include social security tax or other employment taxes.

"After-relieved Federal tax," as used in this clause, means any amount of Federal excise tax or duty, except social security or other employment taxes, 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.

(b) 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 Federal tax, provided the Contractor warrants in writing that no amount for such newly imposed Federal excise tax or duty or rate increase was included in the contract price, as a contingency reserve or otherwise.

(d) The contract price shall be decreased by the amount of any after-relieved Federal tax.

(e) The contract price shall be decreased by the amount of any Federal excise tax or duty, except social security or other employment taxes, 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 any Federal excise tax or duty 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.

(h) The Government shall, without liability, furnish evidence appropriate to establish exemption from any Federal, State, or local tax when the Contractor requests such evidence and a reasonable basis exists to sustain the exemption.

I.23 52.229-5 TAXES - CONTRACTS PERFORMED IN U.S. POSSESSIONS OR PUERTO RICO (APR 1984)

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.

I.24 52.232-1 PAYMENTS (DEVIATION)

(a)(1) The Carrier will provide a notice to each payroll office for payments to be made by payroll deduction. The notice will provide each enrollee's name, social security number, and amount of premium to be withheld. This may include premium payments for a spouse and other qualified relatives. Each payroll office will transmit premiums to the Carrier via electronic funds transfer on its specified pay date. Premiums will continue to be withheld from each enrollee's pay until the Carrier notifies a payroll office of a change in enrollment or premiums.

(2) The Carrier will provide each payroll office with periodic notices providing changes, additions, and deletions to its employees' premium withholdings via payroll deductions.

(3) When an enrollee's pay is insufficient to pay premiums, no deduction will be made. The payroll office will notify the Carrier of the pay insufficiency. The Carrier will subsequently cause the enrollee to submit an authorization for electronic funds transfer of premium payments.

(b) The Carrier will provide the same information as specified in (a)(1) and (2) to the Office of Personnel Management for civilian annuitants and to the Department of Defense for military retirees who choose to have premiums deducted from their annuities. Each retirement system will provide the Carrier with the information specified in (a)(3) for these enrollees.

(c) (1) For each enrollee who does not pay premiums via payroll deduction, the Carrier will, as a condition of enrollment, cause the enrollee to submit an authorization for electronic funds transfer of premium payments.

(2) The Carrier will collect premiums on a monthly basis from such enrollees. Payment will be considered as being made on the date of the electronic funds transfer.

(3) If premiums cannot be collected because of insufficient funds in the enrollee's account, the Carrier will contact the enrollee immediately and attempt a second fund transfer within 7 days. If funds are still insufficient to pay premiums, the Carrier will send a lapse notice to the enrollee.

I.25 52.232-17 INTEREST (JUN 1996)

(a) Except as otherwise provided in this contract under a Price Reduction for Defective Cost or Pricing Data clause or a Cost Accounting Standards clause, all amounts that become payable by the Contractor to the Government under this contract shall bear simple interest from the date due until paid unless paid within 30 days of becoming due. The interest rate shall be the interest rate established by the Secretary of the Treasury as provided in Section 12 of the Contract Disputes Act of 1978 (Public Law 95-563), which is applicable to the period in which the amount becomes due, as provided in paragraph (b) of this clause, and then at the rate applicable for each six-month period as fixed by the Secretary until the amount is paid.

(b) Amounts shall be due at the earliest of the following dates:

(1) The date fixed under this contract.

(2) The date of the first written demand for payment consistent with this contract, including any demand resulting from a default termination.

(3) The date the Government transmits to the Contractor a proposed supplemental agreement to confirm completed negotiations establishing the amount of debt.

(4) If this contract provides for revision of prices, the date of written notice to the Contractor stating the amount of refund payable in connection with a pricing proposal or a negotiated pricing agreement not confirmed by contract modification.

(c) The interest charge made under this clause may be reduced under the procedures prescribed in 32.614-2 of the Federal Acquisition Regulation in effect on the date of this contract.

I.26 52.233-1 DISPUTES (DEC 1998)

(a) This contract is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-613).

(b) Except as provided in the Act, all disputes arising under or relating to this contract shall be resolved under this clause.

(c) "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract. A claim arising under a contract, unlike a claim relating to that contract, is a claim that can be resolved under a contract clause that provides for the relief sought by the claimant. However, a written demand or written assertion by the Contractor seeking the payment of money exceeding \$100,000 is not a claim under the Act until certified as required by subparagraph (d)(2) of this clause. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Act. The submission may be converted to a claim under the Act, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

(d)(1) A claim by the Contractor shall be made in writing and, unless otherwise stated in this contract, submitted within 6 years after accrual of the claim to the Contracting Officer for a written decision. A claim by the Government against the Contractor shall be subject to a written decision by the Contracting Officer.

(2)(i) The Contractor shall provide the certification specified in paragraph (d)(2)(iii) of this clause when submitting any claim exceeding \$100,000.

(ii) The certification requirement does not apply to issues in controversy that have not been submitted as all or part of a claim.

(iii) The certification shall state as follows: "I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the contract adjustment for which the Contractor believes the Government is liable; and that I am duly authorized to certify the claim on behalf of the Contractor."

(3) The certification may be executed by any person duly authorized to bind the Contractor with respect to the claim.

(e) For Contractor claims of \$100,000 or less, the Contracting Officer must, if requested in writing by the Contractor, render a decision within 60 days of the request. For Contractor-certified claims over \$100,000, the Contracting Officer must, within 60 days, decide the claim or notify the Contractor of the date by which the decision will be made.

(f) The Contracting Officer's decision shall be final unless the Contractor appeals or files a suit as provided in the Act.

(g) If the claim by the Contractor is submitted to the Contracting Officer or a claim by the Government is presented to the Contractor, the parties, by mutual consent, may agree to use alternative dispute resolution (ADR). If the Contractor refuses an offer for ADR, the Contractor shall inform the Contracting Officer, in writing, of the Contractor's specific reasons for rejecting the offer.

(h) The Government shall pay interest on the amount found due and unpaid from (1) the date that the Contracting Officer receives the claim (certified, if required); or (2) the date that payment otherwise would be due, if that date is later, until the date of payment. With regard to claims having defective certifications, as defined in FAR 33.201, interest shall be paid from the date that the Contracting Officer initially receives the claim. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury as provided in the Act, which is applicable to the period during which the Contracting Officer receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

(i) The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under or relating to the contract, and comply with any decision of the Contracting Officer.

I.27 52.242-13 BANKRUPTCY (JUL 1995)

In the event the Contractor enters into proceedings relating to bankruptcy, whether voluntary or involuntary, the Contractor agrees to furnish, by certified mail or electronic commerce method authorized by the contract, written notification of the bankruptcy to the Contracting Office responsible for administering the contract. This notification shall be furnished within five days of the initiation of the proceedings relating to bankruptcy filing. This notification shall include the date on which the bankruptcy petition was filed, the identity of the court in which the bankruptcy petition was filed, and a listing of Government contract numbers and contracting offices for all Government contracts against which final payment has not been made. This obligation remains in effect until final payment under this contract.

I.28 52.243-1 CHANGES (AUG 1987) (DEVIATION)

(a) The Contracting Officer may at any time, by written order, make changes within the general scope of this contract in any one or more of the following:

- (1) Description of services to be performed.
- (2) Time of performance (i.e.: hours of the day, days of the week, etc.).
- (3) Place of performance of the services.

(4) Description of benefits to be provided.

(b) If any such change causes an increase or decrease in the cost of, or the time required for, performance of any part of the work under this contract, or the Carrier's liability under this contract, whether or not changed by the order, the Contracting Officer will make an equitable adjustment in the contract price, the delivery schedule, or both, and will modify the contract.

(c) The Carrier must assert its right to an adjustment under this clause within 30 days from the date of receipt of the written order. However, if the Contracting Officer decides that the facts justify it, the Contracting Officer may receive and act upon a proposal submitted before final payment of the contract.

(d) If the Carrier's proposal includes the cost of property made obsolete or excess by the change, the Contracting Officer will have the right to prescribe the manner of the disposition of the property.

(e) Failure to agree to any adjustment will be a dispute under the Disputes clause. However, nothing in this clause will excuse the Carrier from proceeding with the contract as changed.

I.29 52.246-4 INSPECTION OF SERVICES—FIXED-PRICE (AUG 1996) (DEVIATION)

(a) The Government or its agent has the right to inspect and evaluate the work performed or being performed under the contract, and the premises where the work is being performed, at all reasonable times and in a manner that will not unduly delay the work. If the Government or its agent performs inspection or evaluation on the premises of the Carrier or a subcontractor, the Carrier will furnish and require the subcontractor to furnish all reasonable facilities and assistance for the safe and convenient performance of these duties.

(b) The Carrier agrees to insert this clause in all subcontracts for underwriting and administrative services and will substitute "Contractor" or other appropriate reference for the term "Carrier."

I.30 52.247-63 PREFERENCE FOR U.S.-FLAG AIR CARRIERS (JAN 1997)

(a) "International air transportation," as used in this clause, means transportation by air between a place in the United States and a place outside the United States or between two places both of which are outside the United States.

"United States," as used in this clause, means the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and possessions of the United States.

"U.S.-flag air carrier," as used in this clause, means an air carrier holding a certificate under 49 U.S.C. Chapter 411).

(b) Section 5 of the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. 1517) (Fly America Act) requires that all Federal agencies and Government contractors and subcontractors use U.S. -flag air carriers for U.S. Government-financed international air transportation of personnel (and their personal effects) or property, to the extent that service by those carriers is available. It requires the Comptroller General of the United States, in the absence of satisfactory proof of the necessity for foreign-flag air transportation, to disallow expenditures from funds, appropriated or otherwise established for the account of the United States, for international air transportation secured aboard a foreign-flag air carrier if a U.S.-flag air carrier is available to provide such services.

(c) The Contractor agrees, in performing work under this contract, to use U.S.-flag air carriers for international air transportation of personnel (and their personal effects) or property to the extent that service by those carriers is available.

(d) In the event that the Contractor selects a carrier other than a U.S.-flag air carrier for international air transportation, the Contractor shall include a statement on vouchers involving such transportation essentially as follows:

STATEMENT OF UNAVAILABILITY OF U.S.-FLAG AIR CARRIERS

International air transportation of persons (and their personal effects) or property by U.S.-flag air carrier was not available or it was necessary to use foreign-flag air carrier service for the following reasons (see section 47.403 of the Federal Acquisition Regulation):

(State reasons): (End of statement)

(e) The Contractor shall include the substance of this clause, including this paragraph (e), in each subcontract or purchase under this contract that may involve international air transportation.

I.31 52.249-2 TERMINATION FOR THE CONVENIENCE OF THE GOVERNMENT (Fixed-Rate) (SEP 1996) (DEVIATION)

(a) The Government may terminate performance of work under this contract in whole or, from time to time, in part if the Contracting Officer determines that a termination is in the Government's interest. The Contracting Officer will terminate by delivering to the Carrier a Notice of Termination specifying the extent of termination and the effective date.

(b) After receipt of a Notice of Termination, and except as directed by the Contracting Officer, the Carrier will immediately proceed with the following obligations, regardless of any delay in determining or adjusting any amounts due under this clause:

(1) Stop work as specified in the notice.

(2) Place no further subcontracts except as necessary to complete the continued portion of the contract.

(3) Terminate all subcontracts to the extent they relate to the work terminated, unless directed otherwise by the Contracting Officer.

(4) Assign to the Government, as directed by the Contracting Officer, all rights, titles, and interests of the Carrier under the subcontracts terminated, in which case the Government shall have the right to settle or to pay, from FLTCIP assets, any termination settlements arising out of those terminations.

(5) With approval or ratification to the extent required by the Contracting Officer, settle, from FLTCIP assets, all outstanding liabilities and termination settlements arising from the termination of subcontracts; the approval or ratification will be final for purposes of this clause.

(6) As directed by the Contracting Officer, deliver to the Government any data, reports, or studies that, if the contract had been completed, would be required to be furnished to the Government.

(7) Complete performance of the work not terminated.

(8) Assist OPM with an orderly and efficient transition to a successor in accordance with the provisions of the "Option to Extend Services" clause at 52.217-8.

(c) After termination, the Carrier will submit a final termination settlement proposal to the Contracting Officer in the form and with the certification prescribed by the Contracting Officer. The Carrier will submit the proposal promptly, but no later than 1 year from the effective date of termination, unless extended in writing by the Contracting Officer upon written request of the Carrier within this 1-year period. However, if the Contracting Officer determines that the facts justify it, a termination settlement proposal may be received and acted on after 1 year or any extension. If the Carrier fails to submit the proposal with the time allowed, the Contracting Officer may determine, on the basis of information available, the amount, if any, due the Carrier because of the termination and shall pay the amount determined from FLTCIP assets.

(d) Subject to paragraph (c) of this clause, the Carrier and the Contracting Officer will agree upon the whole or any part of the amount to be paid or remaining to be paid because of the termination. This amount may include a reasonable allowance for profit on work done.

(e) If the Carrier and the Contracting Officer fail to agree on the whole amount to be paid because of the termination of work, the Disputes clause at 52.233-1 will apply.

(f) Unless otherwise provided in this contract or by statute, the Carrier shall maintain all records and documents relating to the terminated portion of this contract for 5 years after final settlement. This includes all books and other evidence bearing on the Carrier's costs and expenses under this contract. The Carrier will make these records and documents available to the Government, at the Carrier's office, at all reasonable times, without any direct charge. If approved by the Contracting Officer, photographs,

microphotographs, or other authentic reproductions may be maintained instead of original records and documents.

I.32 52.249-8 DEFAULT (FIXED-PRICE SUPPLY AND SERVICE)(APR 1984) (DEVIATION)

(a)(1) The Government may, subject to paragraphs (c) and (d) below, by written notice of default to the Carrier, terminate this contract in whole or in part if the Carrier fails to—

- (i) Perform the services within the time specified in this contract or any extension;
- (ii) Make progress, so as to endanger performance of this contract (but see subparagraph (a)(2) below); or
- (iii) Perform any of the other provisions of this contract (but see subparagraph (a)(2) below).

(2) The Government's right to terminate this contract under subdivisions (1)(ii) and (1)(iii) above, may be exercised if the Carrier does not cure such failure within 10 days (or more if authorized in writing by the Contracting Officer) after receipt of the notice from the Contracting Officer specifying the failure.

(b) If the Government terminates this contract in whole or in part, it may acquire, under the terms and in the manner the Contracting Officer considers appropriate, supplies or service similar to those terminated, and the Carrier will be liable to the Government for any excess costs for those supplies or services. However, the Carrier will continue the work not terminated.

(c) Except for defaults of subcontractors at any tier, the Carrier will not be liable for any excess costs if the failure to perform the contract arises from causes beyond the control and without the fault or negligence of the Carrier. Examples of such causes include (1) acts of God or of the public enemy, (2) acts of the Government in either its sovereign or contractual capacity, (3) fires, (4) floods, (5) epidemics, (6) quarantine restrictions, (7) strikes, (8) freight embargoes, and (9) unusually severe weather. In each instance the failure to perform must be beyond the control and without the fault or negligence of the Carrier.

(d) If the failure to perform is caused by the default of a subcontractor at any tier, and if the cause of the default is beyond the control of both the Carrier and subcontractor, and without the fault or negligence of either, the Carrier will not be liable for any excess costs for failure to perform, unless the subcontracted supplies or services were obtainable from other sources in sufficient time for the Carrier to meet the required delivery schedule.

(e) If this contract is terminated for default, the Government may require the Carrier to transfer title and deliver to the Government, as directed by the Contracting Officer, any completed or partially completed information and contract rights that the Carrier has specifically produced or acquired for the terminated portion of this contract.

(f) If, after termination, it is determined that the Carrier was not in default, or that the default was excusable, the rights and obligations of the parties will be the same as if the termination had been issued for the convenience of the Government.

(g) The rights and remedies of the Government in this clause are in addition to any other rights and remedies provided by law or under this contract.

I.33 52.252-6 AUTHORIZED DEVIATIONS IN CLAUSES (APR 1984) (DEVIATION)

The use in this solicitation or contract of any Federal Acquisition Regulation (48 Chapter 1) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the date of the clause.

I.34 ENTIRE CONTRACT

(a) This document as described in the Table of Contents constitutes the entire contract between the parties. No oral statement of any person shall modify or otherwise affect the terms, conditions, or

specifications stated in this contract. The duly authorized Contracting Officer must make all modifications to the contract in writing.

(b) All statements concerning coverage or benefits made by OPM, the Carrier or by any individual covered under this policy will be deemed representations and not warranties. No such statement will convey or void any coverage, increase or reduce any benefits under this policy or be used in the prosecution of or defense of a claim under this policy unless it is contained in writing and a copy of the instrument containing the statement is or has been furnished to the Member or to the person making the claim.

I.35 INCORPORATION OF LAWS AND REGULATIONS

The applicable provisions of (1) the Act; (2) regulations to be issued under chapter 85 of title 5, (3) Code of Federal Regulations; (4) chapter 1 of title 48, Code of Federal Regulations constitute a part of this contract as if fully set forth herein. The other provisions of this contract will be construed so as to comply with the incorporated law and regulations.

I.36 RECORDS AND INFORMATION TO BE FURNISHED BY OPM

(a) OPM will provide the Carrier with:

(1) the names and addresses of Federal civilian annuitants and military retirees
(2) addresses of Federal civilian and military installation distribution points and the amount of material to ship to each point.

(b) OPM cannot provide names or home addresses of active employees and members of the uniformed services.

I.37 CONFIDENTIALITY OF RECORDS

(a) The Carrier will use the personal data on employees and annuitants that is provided by OPM for only those routine uses stipulated for the data and published annually in the Federal Register as part of OPM's system of records.

(b) The Carrier will also hold all medical records, evidence of insurability for FLTCIP coverage, amounts of insurance, and information relating thereto, of FLTCIP enrollees confidential except for disclosure as follows:

(1) As may be reasonably necessary for the administration of this contract;

(2) As authorized by the enrollee or his or her guardian;

(3) As disclosure is necessary to permit Government officials having authority to investigate and prosecute alleged civil or criminal actions;

(4) As necessary to audit the contract;

(5) As necessary to carry out the coordination of benefits provision of this contract; and for research or educational purposes, limited to aggregated information of a statistical nature that does not identify any individual by name, social security number, or any other identifier unique to an individual.

(c) If the Carrier uses medical records for the administration of the contract, or for bona fide research or educational purposes, it must state that it does so in its literature to enrollees.

I.38 STATISTICS AND SPECIAL STUDIES

(a) The Carrier will furnish such reasonable reports as OPM determines necessary to enable it to carry out its functions. The Carrier will permit OPM and the General Accounting Office to examine such

records of the Carrier as may be necessary to carry out their functions under Section 9006 of the Act.

(b) The Carrier will furnish the reports in the required number of copies as instructed by OPM.

(c) The Carrier will notify the Contracting Officer immediately upon a change in the name or addresses of the Carrier's contract administrator(s).

I.39 CONTRACTOR RECORDS RETENTION

Notwithstanding the provisions of FAR 52.215-2(d), "Audit-Negotiation," the Carrier will retain and make available all records that support the annual statement of operations for a period of 5 years after the end of the year to which the records relate. Individual enrollee claims records will be maintained for 10 years after the end of the year in which the claim records relate.

I.40 NOTICE

Where the contract requires the Carrier to notify the Government, the Carrier will send written notice to the Contracting Officer, unless otherwise specified.

I.41 NOTICE OF SIGNIFICANT EVENTS

(a) The Carrier agrees to notify the Contracting Officer of any significant event within 10 working days after the Carrier becomes aware of it. As used in this section, a "significant event" is any occurrence or anticipated occurrence that might reasonably be expected to have a material effect upon the Carrier's ability to meet its obligations under this contract, including, but not limited to, any of the following:

- (1) Disposal of 25 percent or more of the Carrier's assets within a six-month period;
 - (2) Loss of 15 percent or more of the Carrier's overall LTC enrollment;
 - (3) Termination or modification of any contract or subcontract if such termination or modification might have a material effect on the Carrier's obligations under this contract;
 - (4) Loss of reinsurance;
 - (5) If the Carrier is a consortium, the withdrawal of a member of the consortium;
 - (6) The imposition of, or notice of the intent to impose, a receivership, conservatorship, or special regulatory monitoring;
 - (7) The withdrawal of, or notice of intent to withdraw, by any State, its license to do business or any other change of status under Federal or State law;
 - (8) The Carrier's default on a loan or other financial obligation;
 - (9) Any actual or potential labor dispute that delays or threatens to delay timely performance or substantially impairs the functioning of the Carrier's facilities or facilities used by the Carrier in the performance of the contract;
 - (10) Any change in the Carrier's charter, constitution, by-laws, or consortium agreement which affects any provision of this contract or the Carrier's participation in the FLTCIP;
 - (11) Any significant change in policies and procedures or interpretations of the contract which would affect the benefits payable under the contract or the costs charged under this contract;
 - (12) Any fraud, embezzlement or misappropriation of FLTCIP funds; or
 - (13) Any written exceptions, reservations or qualifications expressed by the independent accounting firm (which ascribes to the standards of the American Institute of Certified Public Accountants) contracted with by the Carrier or consortium member to provide an opinion on its annual financial statements.
- (b) Upon learning of a significant event, OPM may institute action, in proportion to the seriousness of the event, to protect the interests of enrollees, including, but not limited to-
- (1) Directing the Carrier to take corrective action;

- (2) Making a downward adjustment to the profit factor;
 - (3) Withholding profit payments;
 - (4) Suspending new enrollments under this contract;
 - (5) If a consortium, terminating the participation of the offending partner within the consortium; or
 - (6) Terminating this contract pursuant to Section I.32, *Default*.
- (c) Prior to taking action as described in paragraph (b) of this clause, OPM will notify the Carrier and offer an opportunity to respond.
- (d) The Carrier agrees to insert this clause in any subcontract or subcontract modification if the amount of the subcontract or modification that is charged to the FLTCIP exceeds \$200,000, but only if more than 25 percent of the subcontract cost is charged to the FLTCIP. The Carrier also agrees to insert this clause in all provider agreements over \$25,000 and in contracts with underwriters.

I.42 CORRECTION OF DEFICIENCIES

- (a) The Carrier must maintain sufficient financial resources, facilities, staff and other necessary resources to meet its obligations under this contract. If the Contracting Officer determines that the Carrier does not demonstrate the ability to meet its obligations under this contract, the Contracting Officer will notify the Carrier of the asserted deficiencies. The Carrier agrees that, within 10 working days following notification, it will present detailed plans for correcting the deficiencies. These plans will be presented in a form prescribed by the Contracting Officer. Pending submission or implementation of plans required under this Section, the Contracting Officer may institute action as it deems necessary to protect the interests of enrollees, including, but not limited to:
- (1) Suspending new enrollments under this contract;
 - (2) Reducing or withholding profit payment; or
 - (3) If a consortium, terminating the participation of the offending partner within the consortium.
- (b) The Carrier agrees that failure to submit or to diligently implement plans that are required under this Section will constitute sufficient grounds for termination of this contract pursuant to Section I.32, *Default*.
- (c) Prior to taking action as described in paragraph (a) the Contracting Officer will notify the Carrier and offer an opportunity to respond.
- (d) The Carrier agrees to include the substance of this clause in contracts with underwriters and substitute an appropriate term for "Carrier."

I.43 MISLEADING, DECEPTIVE, OR UNFAIR ADVERTISING

- (a) The Carrier agrees that any advertising material authorized and released by the Carrier which mentions the FLTCIP will be truthful and not misleading, and will present an accurate statement of FLTCIP benefits. The Carrier is prohibited from making incomplete, incorrect comparisons or using disparaging or minimizing techniques to compare its other products or services to the benefits of the FLTCIP. The Carrier will abide by the *NAIC Advertisements of Accident and Sickness Insurance Model Regulation*, except where otherwise agreed by OPM.
- (1) The Carrier agrees to use its best efforts to assure that its agents are aware of and abide by this provision.
 - (2) The Carrier agrees to incorporate this clause in all subcontracts.
- (b) Failure to conform to paragraph (a) of this clause may result in a profit reduction, if appropriate, and corrective action to protect the interest of enrollees. Corrective action will be appropriate to the circumstances and may include, but is not limited to the following actions by OPM:
- (1) Directing the Carrier to cease and desist distribution, publication, or broadcast of the material; and
 - (2) Directing the Carrier to issue corrections at the Carrier's expense and in the same manner and media as the original material was made.

(c) Egregious or repeated offenses may result in the following actions by OPM:

(1) Suspending new enrollments;

(2) If a consortium, terminating the participation of the offending partner within the consortium; or

(3) Terminating the contract in accordance with Section I.32, *Default*.

(d) Prior to taking action as described in paragraphs (b) and (c) of this clause, the Contracting Officer will notify the Carrier and offer an opportunity to respond.

(e) The Carrier agrees to incorporate this clause in subcontracts with its underwriter(s) and other subcontractors directly involved in the preparation or distribution of such advertising material and will substitute "Contractor" or other appropriate reference for the term "Carrier."

I.44 QUALITY ASSURANCE REQUIREMENTS

(a) The Carrier will develop and apply a quality assurance program related to performance of this contract as directed by the Contracting Officer.

(b) The Carrier will keep complete records of its quality assurance procedures and the results of their implementation. The Carrier will make them available to the Government during contract performance and for as long afterwards as the contract requires.

(c) The Contracting Officer or his or her representative has the right to inspect and test all services called for by the contract, to the extent practicable, at all times and places during the term of the contract and for as long afterwards as the contract requires. The Contracting Officer or his or her representative will perform any inspections and tests in a manner that will not unduly delay the work.

I.45 ACCOUNTING FOR FLTCIP FUNDS

(a) FLTCIP funds must be maintained in such a manner as to be separately identifiable from other assets of the Carrier. The Carrier's books and records must support cash and investment balances reported on the FLTCIP Annual Accounting Statement.

(b) The Carrier may request a modification of this requirement from the Contracting Officer. The modification must be requested in advance and the Carrier must demonstrate that accounting techniques have been established that will clearly measure FLTCIP cash and investment income (i.e. subsidiary ledgers). Reconciliations between amounts reported and actual amounts shown in accounting records will be provided as supporting schedules to the Annual Accounting Statements.

I.46 TAXES - FOREIGN NEGOTIATED BENEFITS CONTRACTS (JAN 1998)

(a) To the extent that this contract provides for performing services outside the United States, its possessions, and Puerto Rico, this clause applies in lieu of any Federal, State, and local taxes clause of the contract.

(b) "Contract date," as used in this clause, means the effective date of this contract or modification.

"Country concerned," as used in this clause, means any country, other than the United States, its possessions, and Puerto Rico, in which expenditures under this contract are made.

"Tax" and "taxes," as used in this clause, include fees and charges for doing business that are levied by the government of the country concerned or by its political subdivisions.

"All applicable taxes and duties," as used in this clause, means all taxes and duties, in effect on the contract date, that the taxing authority is imposing and collecting on the transactions covered by this contract, pursuant to written ruling or regulation in effect on the contract date.

"After-imposed tax," as used in this clause, means any new or increased tax or duty, or tax that was exempted or excluded on the contract date but whose exemption was later revoked or reduced during the contract period, other than excepted tax, on the transactions covered by this contract that the Carrier is

required to pay or bear as the result of legislative, judicial, or administrative action taking effect after the contract date.

"After-relieved tax," as used in this clause, means any amount of tax or duty, other than an excepted tax, that would otherwise have been payable on the transactions covered by this contract, but which the Carrier is not required to pay or bear, or for which the Carrier obtains a refund, as the result of legislative, judicial, or administrative action taking effect after the contract date.

"Excepted tax," as used in this clause, 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 covered by this contract, or any tax assessed on the Carrier's possession of, interest in, or use of property, title to which is in the U.S. Government.

(c) Unless otherwise provided in this contract, the contract price includes all applicable taxes and duties, except taxes and duties that the Government of the United States and the government of the country concerned have agreed shall not be applicable to expenditures in such country by or on behalf of the United States.

(d) 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 provision of this contract that the Carrier is required to pay or bear, including any interest or penalty, if the Carrier 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 Carrier's fault, negligence, or failure to follow instructions of the Contracting Officer or to comply with the provisions of paragraph (i) below.

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

(f) The contract price shall be decreased by the amount of any tax or duty, other than an excepted tax, that was included in the contract and that the Carrier is required to pay or bear, or does not obtain a refund of, through the Carrier's fault, negligence, or failure to follow instructions of the Contracting Officer or to comply with the provisions of paragraph (i) below.

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

(h) If the Carrier obtains a reduction in tax liability under the United States Internal Revenue Code (Title 26, U.S. Code) because of the payment of any tax or duty that either was included in the contract price or was the basis of an increase in the contract price, the amount of the reduction shall be paid or credited to the Government of the United States as the Contracting Officer directs.

(i) The Carrier shall take all reasonable action to obtain exemption from or refund of any taxes or duties, including interest or penalty, from which the United States Government, the Carrier, any subcontractor, or the transactions covered by this contract are exempt under the laws of the country concerned or its political subdivisions or which the Governments of the United States and of the country concerned have agreed shall not be applicable to expenditures in such country by or on behalf of the United States.

(j) The Carrier shall promptly notify the Contracting Officer of all matters relating to taxes or 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 Carrier at the direction of the Contracting Officer, including any interest, penalty, and reasonable attorneys' fees.

I.47 SUBCONTRACTS

(a) The Carrier will notify the Contracting Officer reasonably in advance of entering into any subcontract or subcontract modification, or as otherwise specified by this contract, when the cost of that portion of the subcontract that is charged to the FLTCIP contract exceeds \$200,000 and more than 25 percent of the subcontract cost is charged to the FLTCIP contract.

(b) The advance notification required by paragraph (a) of this clause will include the following information:

- (1) A description of the supplies or services to be subcontracted;
- (2) Identification of the type of subcontract to be used;
- (3) Identification of the proposed subcontract and an explanation of why and how the proposed subcontractor was selected, including the competition obtained;
- (4) The proposed subcontract price and the Carrier's cost or price analysis;
- (5) The subcontractor's current, complete and accurate cost or pricing data and Certificate of Current Cost or Pricing Data, if required by other contract provisions.
- (6) A negotiation memorandum reflecting—
 - (i) The principal elements of the subcontract price negotiations;
 - (ii) The most significant consideration controlling establishment of initial or revised prices;
 - (iii) The reason cost or pricing data were or were not required;
 - (iv) The extent, if any, to which the Contractor did not rely on the subcontractor's cost or pricing data in determining the price objective and in negotiating the final price;
 - (v) The extent to which it was recognized in the negotiation that the subcontractor's cost or pricing data were not accurate, complete, or current; the action taken by the Carrier and the subcontractor; and the effect of any such defective data on the total price negotiated;
 - (vi) The reasons for any significant difference between the Carrier's price objective and the price negotiated; and
 - (vii) A complete explanation of the incentive fee or profit plan when incentives are used. The explanation will identify each critical performance element, management decisions used to quantify each incentive element, reasons for the incentives, and a summary of all trade-off possibilities considered.

(c) The Carrier will obtain the Contracting Officer's written consent before placing any subcontract for which advance notification is required under paragraph (a) of this clause. However, the Contracting Officer may ratify in writing any such subcontract. Ratification will constitute the consent of the Contracting Officer.

(d) The Contracting Officer may waive the requirement for advance notification and consent required by paragraph (a), (b), and (c) of this clause where the Carrier and subcontractor submit an application or renewal as a contractor team arrangement as defined in FAR subpart 9.6 and—

(1) The Contracting Officer evaluated the arrangement during negotiation of the contract or contract renewal; and

(2) The subcontractor's price and/or costs were included in the plan's rates that were reviewed and approved by the Contracting Officer during negotiations of the contract or contract renewal.

(e) Unless the consent or approval specifically provides otherwise, consent by the Contracting Officer to any subcontract will not constitute a determination (1) of the acceptability of any subcontract terms or conditions; (2) of the allowability of any cost under this contract; or (3) relieve the Carrier of any responsibility for performing this contract.

(f) No subcontract placed under this contract will provide for payment on a cost-plus-a-percentage-of-cost basis. Any fee payable under cost reimbursement type subcontracts may not exceed the fee limitations in FAR 15.903(d).

(g) The Carrier will give the Contracting Officer immediate written notice of any action or suit filed and prompt notice of claim made against the Carrier by any subcontractor or vendor that, in the opinion of the Carrier, may result in litigation related in any way to the contract with respect to which the Carrier may be entitled to reimbursement from the Government.

I.48 INVESTMENT INCOME

- (a) The Carrier will invest and reinvest all FLTCIP funds on hand until needed to discharge promptly the obligations incurred under the contract. Within the constraints of safety and liquidity of investments, the Carrier will seek to maximize investment income.
- (b) All investment income earned on FLTCIP funds must be credited to the FLTCIP.
- (c) When the Contracting Officer concludes that the Carrier failed to comply with paragraphs (a) or (b) of this clause, the Carrier will pay to the FLTCIP fund the investment income that would have been earned, at the rate(s) specified in paragraph (d) of this clause, had it not been for the Carrier's noncompliance. "Failed to comply with paragraphs (a) or (b) means (1) making any charges against the contract which are not allowable, allocable, or reasonable; or (2) failing to credit any income due the contract and/or failing to place funds on hand, including premium payments, tax refunds, credits, deposits, investment income earned, uncashed checks, or other amounts owed the FLTCIP in income-producing investments and accounts.
- (d) Investment income lost as a result of unallowable, unallocable, or unreasonable charges against the contract will be paid from the 1st day of the fiscal year following the fiscal year in which the unallowable charge was made and will end on the earlier of: (1) the date the amounts are returned to the FLTCIP; (2) the date specified by the Contracting Officer; or (3) the date of the Contracting Officer's final decision.
- (e) Investment income lost as a result of failure to credit income due the contract or failure to place funds on hand in income-producing investments and accounts will be paid from the date the funds should have been invested or appropriate income was not credited and will end on the earlier of: (1) the date the amounts are returned to the FLTCIP; (2) the date specified by the Contracting Officer; or (3) the date of the Contracting Officer's final decision.
- (f) The Carrier will credit to the FLTCIP income that is due in accordance with this clause. All amounts payable will bear lost investment income compounded semiannually at the rate established by the Secretary of the Treasury as provided in section 12 of the Contract Disputes Act of 1978 (Pub. L. 95-563), during the periods specified in paragraphs (d) and (e).
- (g) All amounts due and unpaid after the periods specified in paragraphs (d) and (e) will bear compound interest at the rate applicable for each 6-month period as fixed by the Secretary of the Treasury until the amount is paid (see FAR 32.614-1).

I.49 START-UP COSTS

- (a) The Carrier will fund all start-up costs under this Contract necessary to launch the FLTCIP and to conduct the initial enrollment process. This includes, but is not limited to, costs incurred to:
- Design and print educational and enrollment material
 - Distribute educational and enrollment material
 - Design, update, and maintain web site
 - Produce and distribute educational and promotional videotapes
 - Staff toll-free number to answer questions
 - Hold educational and promotional seminars
 - Design and launch other media messages agreed upon between OPM and the Carrier
- (b) The FLTCIP will reimburse the Carrier funds it had advanced for start-up costs, including reasonable interest. Repayment will be amortized.
- (c) Should this contract be terminated before the amortization is complete, the unamortized start-up costs will be deducted from Program assets before the assets are transferred to the succeeding carrier.

I.50 REIMBURSEMENT OF GOVERNMENT COSTS

- (a) The Carrier will reimburse the Employees' Life Insurance Fund for amounts obligated or expended by the Office of Personnel Management to administer 5 U.S.C. Chapter 90 (including lost investment income as determined by the Office).
- (b) The Carrier will reimburse funds obligated or expended by OPM prior to the contract effective date before the end of the first year of the contract period.
- (c) The Carrier will periodically contribute to the Long Term Care Administrative amounts to cover the anticipated reasonable expenses of OPM to administer 5 U.S.C. Chapter 90. OPM will perform a yearly reconciliation of actual expenses to anticipated expenses and the Carrier's next contribution will be adjusted accordingly.

I.51 GOVERNMENT RESPONSIBILITIES

The Office of Personnel Management will:

- Maintain the OPM FLTCIP web site;
- Liaison with Federal agencies and uniformed services;
- Facilitate the promotion of the Long Term Care Insurance program through Federal agencies and the uniformed services; and
- Be responsive on a timely basis to the Carrier's requests for information and assistance.
- Perform, as provided by The Long Term Care Security Act, functions typically associated with insurance commissions such as the review and approval of rates, forms, and marketing materials.

I.52 APPROVAL FOR ASSIGNMENT OF CLAIMS

- (a) The Carrier will not make any assignment of FLTCIP funds under the Assignment of Claims Act without the prior written approval of the Contracting Officer.
- (b) Unless a different period is specified in the Contracting Officer's written approval, an assignment of FLTCIP funds will be in force only for a period of 1 year from the date of the Contracting Officer's approval. However, assignments may be renewed upon their expiration.

PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACHMENTS

SECTION J - LIST OF ATTACHMENTS

THIS SECTION INTENTIONALLY LEFT BLANK.

PART IV - REPRESENTATIONS AND INSTRUCTIONS

SECTION K - REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF OFFERORS

K.1 52.204-3 TAXPAYER IDENTIFICATION (OCT 1998)

(a) Definitions.

Common parent, as used in this provision, means that corporate entity that owns or controls an affiliated group of corporations that files its Federal income tax returns on a consolidated basis, and of which the offeror is a member.

Taxpayer Identification Number (TIN), as used in this provision, means the number required by the Internal Revenue Service (IRS) to be used by the offeror in reporting income tax and other returns. The TIN may be either a Social Security Number or an Employer Identification Number.

(b) All offerors must submit the information required in paragraphs (d) through (f) of this provision 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 IRS. If the resulting contract is subject to the payment reporting requirements described in Federal Acquisition Regulation (FAR) 4.904, the failure or refusal by the offeror to furnish the information may result in a 31 percent reduction of payments otherwise due under the contract.

(c) The TIN may be used by the Government to collect and report on any delinquent amounts arising out of the offeror's relationship with the Government (31 U.S.C. 7701(c)(3)). If the resulting contract is subject to the payment reporting requirements described in FAR 4.904, the TIN provided hereunder may be matched with IRS records to verify the accuracy of the offeror's TIN.

(d) Taxpayer Identification Number (TIN).

TIN: _____

TIN has been applied for.

TIN is not required because:

Offeror is a nonresident alien, foreign corporation, or foreign partnership that does not have income effectively connected with the conduct of a trade or business in the United States and does not have an office or place of business or a fiscal paying agent in the United States;

Offeror is an agency or instrumentality of a foreign government;

Offeror is an agency or instrumentality of the Federal Government.

(e) Type of organization.

Sole proprietorship;

Partnership;

- Corporate entity (not tax-exempt);
- Corporate entity (tax-exempt);
- Government entity (Federal, State, or local);
- Foreign government;
- International organization per 26 CFR 1.6049-4;
- Other _____

(f) Common parent.

Offeror is not owned or controlled by a common parent as defined in paragraph (a) of this provision.

Name and TIN of common parent:

Name _____

TIN _____

K.2 52.209-5 CERTIFICATION REGARDING DEBARMENT, SUSPENSION, PROPOSED DEBARMENT, AND OTHER RESPONSIBILITY MATTERS (APR 2001)

(a)(1) The Offeror certifies, to the best of its knowledge and belief, that--

(i) The Offeror and/or any of its Principals--

(A) Are are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency;

(B) Have have not , within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; and

(C) Are are not presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in subdivision (a)(1)(i)(B) of this provision.

(ii) The Offeror has has not , within a three-year period preceding this offer, had one or more contracts terminated for default by any Federal agency.

(2) "Principals," for the purposes of this certification, means officers; directors; owners; partners; and, persons having primary management or supervisory responsibilities within a business entity (*e.g.*, general manager; plant manager; head of a subsidiary, division, or business segment, and similar positions).

This Certification Concerns a Matter Within the Jurisdiction of an Agency of the United States and the Making of a False, Fictitious, or Fraudulent Certification May Render the Maker Subject to Prosecution Under Section 1001, Title 18, United States Code.

(b) The Offeror shall provide immediate written notice to the Contracting Officer if, at any time prior to contract award, the Offeror learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

(c) A certification that any of the items in paragraph (a) of this provision exists will not necessarily result in withholding of an award under this solicitation. However, the certification will be considered in

(2) [Complete only if the offeror represented itself as a small business concern in paragraph (b)(1) of this provision.] The offeror represents, for general statistical purposes, that it [] is, [] is not, a small disadvantaged business concern as defined in 13 CFR 124.1002.

(3) [Complete only if the offeror represented itself as a small business concern in paragraph (b)(1) of this provision.] The offeror represents as part of its offer that it [] is, [] is not a women-owned small business concern.

(4) [Complete only if the offeror represented itself as a small business concern in paragraph (b)(1) of this provision.] The offeror represents as part of its offer that it [] is, [] is not a veteran-owned small business concern.

(5) [Complete only if the offeror represented itself as a veteran-owned small business concern in paragraph (b)(4) of this provision.] The offeror represents as part of its offer that it [] is, [] is not a service-disabled veteran-owned small business concern.

(c) *Definitions.* As used in this provision--

"Service-disabled veteran-owned small business concern"--

(1) Means a small business concern--

(i) Not less than 51 percent of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service-disabled veterans; and

(ii) The management and daily business operations of which are controlled by one or more service-disabled veterans or, in the case of a veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran.

(2) Service-disabled veteran means a veteran, as defined in 38 U.S.C. 101(2), with a disability that is service-connected, as defined in 38 U.S.C. 101(16).

"Small business concern" means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria in 13 CFR part 121 and the size standard in paragraph (a) of this provision.

"Veteran-owned small business concern" means a small business concern--

(1) Not less than 51 percent of which is owned by one or more veterans (as defined at 38 U.S.C. 101(2)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and

(2) The management and daily business operations of which are controlled by one or more veterans.

"Women-owned small business concern" means a small business concern--

(1) That is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and

(2) Whose management and daily business operations are controlled by one or more women.

(d) *Notice.* (1) If this solicitation is for supplies and has been set aside, in whole or in part, for small business concerns, then the clause in this solicitation providing notice of the set-aside contains restrictions on the source of the end items to be furnished.

(2) Under 15 U.S.C. 645(d), any person who misrepresents a firm's status as a small, HUBZone small, small disadvantaged, or women-owned small business concern in order to obtain a contract to be awarded under the preference programs established pursuant to section 8(a), 8(d), 9, or 15 of the Small Business Act or any other provision of Federal law that specifically references section 8(d) for a definition of program eligibility, shall--

(i) Be punished by imposition of fine, imprisonment, or both;

(ii) Be subject to administrative remedies, including suspension and debarment; and

(iii) Be ineligible for participation in programs conducted under the authority of the Act.

K.5 52.222-22 PREVIOUS CONTRACTS AND COMPLIANCE REPORTS (FEB 1999)

The offeror represents that--

(a) It has, has not participated in a previous contract or subcontract subject to the Equal Opportunity clause of this solicitation; the clause originally contained in Section 310 of Executive Order No. 10925, or the clause contained in Section 201 of Executive Order No. 11114;

(b) It has, has not filed all required compliance reports; and

(c) Representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract awards.

K.6 52.222-25 AFFIRMATIVE ACTION COMPLIANCE (APR 1984)

The offeror represents that--

(a) It has developed and has on file, has not developed and does not have on file, at each establishment, affirmative action programs required by the rules and regulations of the Secretary of Labor (41 CFR 60-1 and 60-2), or (b) It has not previously had contracts subject to the written affirmative action programs requirement of the rules and regulations of the Secretary of Labor.

K.7 GOVERNMENT EMPLOYEE REPRESENTATION

The offeror states that he/she is is not a Government employee, and does does not represent a business concern or other organization owned, or substantially owned, by one or more Government employees.

K.8 SIGNATURE BLOCK

I, the undersigned, do hereby attest that all representations and certifications made in this Section K are true.

Also, I, the undersigned, am aware of the penalties prescribed in 18 U.S. Code 1001 for making false statements in offers; and I am legally authorized to bind the company or organization represented.

(Signature)

(Date)

(Typed or Printed Name)

(Title)

(Solicitation Number)

(Name of Company/Organization Represented)

(Address, including Zip Code)

(Telephone Number, including Area Code)

K.9 ACCOUNTING AND ALLOWABLE COST

(a) Annual Accounting Statement.

- (1) The Carrier will prepare annually an accounting statement summarizing the financial results of the FLTCIP for the previous fiscal year. This statement will be prepared in accordance with the requirements issued annually by OPM and will be due to OPM in accordance with a date established by those requirements.
- (2) The Carrier will have the most recent financial statement for the FLTCIP audited by an accounting firm that ascribes to the standards of the American Institute of Certified Public Accountants. The report will be submitted to OPM along with the annual accounting statement.
- (3) Based on the results of either the independent audit or a Government audit, the annual accounting statements for the FLTCIP may be (I) adjusted by amounts found not to constitute properly allocable or allowable costs; or (ii) adjusted for prior overpayments or underpayments.

(b) Definition of costs.

- (1) The allowable costs chargeable to the contract for a fiscal year will be the actual, necessary, reasonable, and allocable amounts incurred with proper justification and accounting support, determined in accordance with Subpart 31.2 of the Federal Acquisition Regulation (FAR) applicable on October 1 of each year, and the terms of this contract.
- (2) In the absence of specific contract terms to the contrary, contract costs will be classified in accordance with the following criteria:
 - (i) *Benefits.* Claims costs consist of payments made and costs incurred for long term care insurance on behalf of FLTCIP enrollees, including care management and underwriting, less any overpayments, refunds, or other credits received.
 - (ii) *Administrative Expenses.* Administrative expenses consist of all actual, allocable, allowable, and reasonable expenses incurred in the adjudication of claims or incurred in the Carrier's overall operation of the business. Unless otherwise provided in the contract or FAR, administrative expenses include, but are not limited to, taxes, insurance and reinsurance premiums, the cost of investigation and settlement of claims, the cost of maintaining files regarding payment of claims, and legal expenses incurred in the litigation of benefit payments. Administrative expenses exclude the expenses related to investment income in paragraph (b)(2)(iii) of this clause.

(iii) *Investment Income*. Investment income represents the amount earned by the Carrier after deducting reasonable, necessary, and properly allocable investment expenses as a result of investing FLTCIP funds. The direct or allocable indirect expenses incurred with respect to the investment of Program funds, such as brokerage fees, and netted against investment income earned rather than as part of administrative expenses.

(c) *Certification of Annual Accounting Statement*.

(1) The Carrier will certify the annual accounting statement in the form set forth in paragraph (c)(2) of this clause. The certificate will be signed by the chief executive officer and the chief financial officer for the Carrier's FLTCIP operations and will be returned with the annual accounting statement.

(2) The certification required will be in the following form:

Certification of Annual Accounting Statement

This is to certify that I have reviewed this accounting statement and, to the best of my knowledge and belief, attest that:

1. The statement was prepared in conformity with the guidelines issued by the Office of Personnel Management and fairly presents the financial results of this fiscal year in conformity with those guidelines;
2. The costs included in the statement are allowable and allocable in accordance with the terms of the contract and with the cost principles of the Federal Acquisition Regulation (FAR);
3. Income, overpayments, refunds, and other credits made or owed in accordance with the terms of the contract and applicable cost principles have been included in the statement.

Carrier Name: _____

(Chief Executive Officer for FLTCIP Operations)

Date Signed: _____

(Chief Financial Officer for FLTCIP Operations)

Date Signed: _____

(Type or print and sign)

(End of Certificate)

SECTION L - INSTRUCTIONS, CONDITIONS, AND NOTICES TO OFFERORS**L.1 NOTICE LISTING SOLICITATION PROVISIONS INCORPORATED BY REFERENCE**

The following solicitation provisions pertinent to this section are hereby incorporated by reference (by Citation Number, Title, and Date) in accordance with the FAR provision at FAR "52.252-1 SOLICITATION PROVISIONS INCORPORATED BY REFERENCE" in Section L of this solicitation. See FAR 52.252-1 for an internet address (if specified) for electronic access to the full text of a provision.

NUMBER	TITLE (FEDERAL ACQUISITION REGULATION (48 CFR Chapter 1)	DATE
52.215-1	INSTRUCTIONS TO OFFERORS--COMPETITIVE ACQUISITION - ALTERNATE I (OCT 1997)	NOV 1999
52.219-24	SMALL DISADVANTAGED BUSINESS PARTICIPATION PROGRAM--TARGETS	OCT 2000
52.225-10	NOTICE OF BUY AMERICAN ACT--BALANCE OF PAYMENTS PROGRAM REQUIREMENT-- CONSTRUCTION MATERIALS	FEB 2000
52.232-28	INVITATION TO PROPOSE PERFORMANCE-BASED PAYMENTS	MAR 2000

L.2 52.216-1 TYPE OF CONTRACT (APR 1984)

The Government contemplates award of a firm fixed-price with prospective price redetermination contract resulting from this solicitation.

L.3 52.252-1 SOLICITATION PROVISIONS INCORPORATED BY REFERENCE (FEB 1998)

This solicitation incorporates one or more solicitation provisions by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. The offeror is cautioned that the listed provisions may include blocks that must be completed by the offeror and submitted with its quotation or offer. In lieu of submitting the full text of those provisions, the offeror may identify the provision by paragraph identifier and provide the appropriate information with its quotation or offer. Also, the full text of a solicitation provision may be accessed electronically at this/these address(es):

L.4 SMALL BUSINESS SIZE STANDARD

The Contracting Officer has determined that the material described herein is classified under the North American Industry Classification System (NAICS) as 524114, Direct Health and Medical Insurance Carriers. Concerns having average annual sales or receipts for its preceding three fiscal years not exceeding \$5 million per annum may be classified as a small business concern.

L.5 PRE-AWARD SURVEY

The Government reserves the right to conduct any necessary surveys of offerors' facilities for the purpose of determining contractor responsibility. Offerors may be required to provide a list of Government and commercial organizations utilizing the same or similar supplies/services required under this solicitation.

L.6 PERIOD OF ACCEPTANCE OF OFFER

Proposals offering less than 120 calendar days for acceptance by the Government from the date designated for receipt of offers will be considered nonresponsive and will be rejected.

L.7 FREEDOM OF INFORMATION ACT

Offerors are reminded that information furnished under this solicitation may be subject to disclosure under the Freedom of Information Act. Therefore, all items that are confidential, contain trade secrets, proprietary, or personnel information must be clearly marked. Marking of items will not necessarily preclude disclosure when the Government determines disclosure is warranted by the Freedom of Information Act.

L.8 NOTICE OF OFFERORS

This solicitation and resulting contract shall not cover charges for any items that are not specifically provided for by this contract. These and other items not specifically covered by the contract must be paid for by the person obtaining them if the contractor wishes to offer them. Contractors are cautioned that if they provide service/supplies during the performance of this contract, regardless of who requests them (including the Contracting Officer's Representative), payment will not be made for them under this contract.

L.9 SUBCONTRACTING

The Government reserves the right to approve or disapprove the subcontractors selected. Therefore, the contractor shall obtain the contracting officer's approval of all subcontractors for any work under this contract.

The offeror shall be the prime service provider. Offeror alone shall be held responsible by the Government for performance of all obligations under the contract resulting from the offeror's proposal.

L.10 INCURRING COSTS

The contracting officer is the only person who can legally obligate the Government for the expenditure of public funds. Costs for performance of the contract requirements shall not be incurred by offerors in anticipation of receiving direct reimbursement from the Government.

L.11 52.204-6 DATA UNIVERSAL NUMBERING SYSTEM (DUNS) NUMBER (JUN 1999)

(a) The offeror shall enter, in the block with its name and address on the cover page of its offer, the annotation "DUNS" followed by the DUNS number that identifies the offeror's name and address exactly as stated in the offer. The DUNS number is a nine-digit number assigned by Dun and Bradstreet Information Services.

(b) If the offeror does not have a DUNS number, it should contact Dun and Bradstreet directly to obtain one. A DUNS number will be provided immediately by telephone at no charge to the offeror. For information on obtaining a DUNS number, the offeror, if located within the United States, should call Dun and Bradstreet at 1-800-333-0505. The offeror should be prepared to provide the following information:

- (1) Company name.
- (2) Company address.
- (3) Company telephone number.
- (4) Line of business.
- (5) Chief executive officer/key manager.
- (6) Date the company was started.
- (7) Number of people employed by the company.
- (8) Company affiliation.

(c) Offerors located outside the United States may obtain the location and phone number of the local Dun and Bradstreet Information Services office from the Internet home page at <http://www.customerservice@dnb.com/>. If an offeror is unable to locate a local service center, it may send an e-mail to Dun and Bradstreet at globalinfo@mail.dnb.com.

L.12 52.219-22 SMALL DISADVANTAGED BUSINESS STATUS (OCT 1999)

(a) General. This provision is used to assess an offeror's small disadvantaged business status for the purpose of obtaining a benefit on this solicitation. Status as a small business and status as a small disadvantaged business for general statistical purposes is covered by the provision at FAR 52.219-1, Small Business Program Representation.

(b) Representations.

(1) General. The offeror represents, as part of its offer, that it is a small business under the size standard applicable to this acquisition; and either--

[] (i) It has received certification by the Small Business Administration as a small disadvantaged business concern consistent with 13 CFR 124, Subpart B; and

(A) No material change in disadvantaged ownership and control has occurred since its certification;

(B) Where the concern is owned by one or more disadvantaged individuals, the net worth of each individual upon whom the certification is based does not exceed \$750,000 after taking into account the applicable exclusions set forth at 13 CFR 124.104(c)(2); and

(C) It is identified, on the date of its representation, as a certified small disadvantaged business concern in the database maintained by the Small Business Administration (PRO-Net); or

[] (ii) It has submitted a completed application to the Small Business Administration or a Private Certifier to be certified as a small disadvantaged business concern in accordance with 13 CFR 124, Subpart B, and a decision on that application is pending, and that no material change in disadvantaged ownership and control has occurred since its application was submitted.

(2) [] For Joint Ventures. The offeror represents, as part of its offer, that it is a joint venture that complies with the requirements at 13 CFR 124.1002(f) and that the representation in paragraph (b)(1) of this provision is accurate for the small disadvantaged business concern that is participating in the joint venture. [The offeror shall enter the name of the small disadvantaged business concern that is participating in the joint venture: _____.]

(c) Penalties and Remedies. Anyone who misrepresents any aspects of the disadvantaged status of a concern for the purposes of securing a contract or subcontract shall:

- (1) Be punished by imposition of a fine, imprisonment, or both;
- (2) Be subject to administrative remedies, including suspension and debarment; and
- (3) Be ineligible for participation in programs conducted under the authority of the Small Business Act.

L.13 52.233-2 SERVICE OF PROTEST (AUG 1996)

(a) Protests, as defined in section 33.101 of the Federal Acquisition Regulation, that are filed directly with an agency, and copies of any protests that are filed with the General Accounting Office (GAO), shall be served on the Contracting Officer (addressed as follows) by obtaining written and dated acknowledgment of receipt from:

Mr. Frank D. Titus
Contracting Officer

Hand-Carried Address:
US Office of Personnel Management
Office for Long Term Care Implementation, Room 2H24
1900 E Street, NW
Washington, DC 20415

Mailing Address:
US Office of Personnel Management
Office for Long Term Care Implementation, Room 2H24
1900 E Street, NW
Washington, DC 20415

(b) The copy of any protest shall be received in the office designated above within one day of filing a protest with the GAO.

L.14 GENERAL INSTRUCTIONS FOR THE PREPARATION OF PROPOSALS

Each offeror's proposal submitted in response to this solicitation shall be in two (2) volumes as described below. The Technical Proposal, Volume I, shall be submitted in an original and nine (9) copies. Offerors shall also provide the answers to the eight non-financial sections in Word 97 on diskette or CD-Rom.

The Cost Proposal, Volume II, shall be submitted in an original and nine (9) copies. Offerors shall also provide their answers to Section C, Financial on a Word 97 file (narrative) and Microsoft Excel file (for the financial tables) on diskette or CD-ROM

A cover letter may also be provided at the offeror's option. Proposals must be prepared in accordance with these instructions and provide all required information in the format specified. Failure of a proposal to show compliance with these instructions may be grounds for exclusion of the proposal from further consideration.

These instructions prescribe the format of proposals and describe the approach to be used in development and presentation of proposal data. They are designed to assure submission of information essential to the understanding and comprehensive evaluation of offeror's proposals. There is no intent to limit the contents of proposals. The instructions permit inclusion of any additional data or information an offeror deems pertinent.

L.14.1 GENERAL

1. The technical proposal shall be completely separate from the financial proposal.
2. The overall quality of presentation will be considered a direct indication of the offeror's capability to perform effectively, to include technical managerial competence, quality of work, and cost consciousness. Clarity, compactness, coherence, consistency, and completeness are of utmost importance.
3. Elaborate brochures or other presentations beyond those sufficient to present a complete and effective response to this solicitation are not desired and may be construed as an indication of the offeror's lack of cost consciousness. Proposals should not include brochures, pamphlets, or the like that do not have a direct bearing on this solicitation package.
4. Offerors submitting proprietary data shall mark it as described herein in accordance with the requirements of FAR (48 CFR, Chapter 1), clause 52.215-1, which is incorporated by reference. Clause 52.215-1 states: "offerors who include in their proposals data that they do not want disclosed to the public for any purposes or used by the Government except for evaluation purposes, shall:

Mark the title page with the following legend: "This proposal or quotation includes data that shall not be disclosed outside the Government and shall not be duplicated, used, or disclosed--in whole or in part--for any purpose other than to evaluate this proposal or quotation. If, however, a contract is awarded to this offer or quoter as a result of--or in connection with-- the submission of this data, the Government shall the right to duplicate, use, or disclose the data to the extent provided in the resulting contract. This restriction does not limit the Government's right to use information contained in this data if is obtained from another source without restriction. The data subject to the restriction is contained in sheets (insert numbers or other identification of sheet)" and

Mark each sheet of data it wishes to restrict with the following legend: "Use or disclosure of data contained on this sheet is subject to the restriction on the title page of this proposal."

5. The Government assumes no liability for disclosure or use of unmarked data and, may use or disclose the data for any purpose. Unless restricted, information may become subject to disclosure to the public pursuant to the provisions of the Freedom of Information Act (5 U.S.C. 552).
6. To aid in evaluation, all pages of each part shall be appropriately numbered using Arabic numerals, and be identified with the name of the offeror, the date, and the RFP number.
7. If the offeror references any document in the proposal, the document shall be included with the proposal. The page and paragraph numbers shall be included in the reference.
8. A proposal that merely restates the work that will be done will be judged non-responsive. The proposal must clearly state what needs to be done and specifically how the offeror proposes to do it. The offeror must also include a detailed step-by-step description of the proposed approach to each of the functions described in Section C that demonstrates a clear understanding of the work to be done.
9. The proposal will become the property of the Government. The Government will not pay any offeror for the preparation of its proposal.
10. OPM plans to hold a pre-proposal conference for prospective offerors for this contract on Monday, July 9, 2001, at 1900 E Street, NW, Auditorium (Ground Level), Washington, DC.
11. The Government reserves the right to make award without discussions under this solicitation. Accordingly, offerors should submit their proposals initially on the most favorable terms possible from both a technical and pricing standpoint. **OFFERS FOR LESS THAN THE FULL REQUIREMENT WILL NOT BE CONSIDERED FOR AWARD.**
12. All written proposals, including volumes, parts, or sections for each offeror and any subcontractors, must be received by the proposal submission due date and time as indicated on Standard Form 33.
13. Offerors should cite in each of their responses the specific section name, subsection (if any), and question number as they appear in Section C, the Statement of Work. Repeat the question before providing your response. Offerors may answer more than one question with a single response. If a single response encompasses questions from the same section, offerors should cite and repeat each question being answered before presenting your single response. If a single response encompasses questions from two different sections (e.g., 1-Underwriting and 2-Education, Marketing and Enrollment), repeat the question and your response in the second section so that your answers to each section can stand alone.
14. For each of your answers, clearly specify which company(ies) in your bidding entity it refers to, even if the question doesn't ask for that detail.
15. Offerors should provide, where appropriate, flow charts in addition to narrative descriptions.
16. When describing functions that will be performed in geographical locations different from your primary location, offerors should specify those locations.
17. If offerors propose innovations that affect the premiums, they should give the estimated percentage increase or decrease in overall premiums. They should attach any data used to support their estimate. Note that OPM may ask for more detail and specific pricing tables during discussions if we are interested in pursuing one or more of your proposals.

18. There will be two evaluation panels. One will evaluate technical proposals, and the other will evaluate cost proposals. Provide your answers to the questions in Section C, Financial as a separately bound document. Do not combine those answers with answers to other sections. Note that you must provide copies of some answers from non-Financial sections (e.g., the Innovations section of Plan Design, and the Underwriting section) in your separately bound Financial section as well.

L.14.2 ORGANIZATION AND CONTENT OF TECHNICAL PROPOSAL

The Technical and Management proposal shall conform to specific content and organization instructions in Sections *L.10.2.1 through L.10.2.5*. Offerors should prepare specific plans for accomplishing all of the responsibilities as outlined under this solicitation. The following outline is an example of the information that should be included in the Technical/Management proposal. This outline is not inclusive and should only be utilized as a general guideline for the preparation of technical proposals.

L-14.2.1 EXECUTIVE SUMMARY

The offeror shall provide the following information in the Executive Summary:

1. Cover letter.
2. Table of contents for the Technical/Management Proposal

L.14.2.2 TECHNICAL PROPOSAL

The offeror must organize its technical proposal for accomplishing all responsibilities as outlined in the Section C, the Statement of Work as follows:

- Plan Design
- Contractor Information
- Underwriting
- Reporting Requirements
- Administration and Systems
- Customer Service
- Claims Administration
- Education, Marketing and Enrollment

L.14.2.3 EMPLOYING WELFARE RECIPIENTS

The President has signed welfare reform legislation that imposed time limits, required work and extended child and health care to enable people to move from welfare to work. At that time the President encouraged businesses to employ welfare recipients in appropriate roles.

Offerors are requested to include in their technical proposal a plan to fill any positions created as a result of receiving a contract resultant from this solicitation with persons who are welfare recipients. The offeror's plan should identify the positions that are targeted to be filled by welfare recipients and also the efforts that will be made to recruit these individuals. In addition to the plan specific to the offerors efforts to fill positions created as a result of any contract awarded resultant from this solicitation, offerors should also include their company-wide policy for hiring welfare recipients.

Achievement of the goals expressed in the plan specific to any contract awarded as a result of this solicitation, as well as the results of the company-wide plan, will be tracked as part of the annual Contractor's Performance Report.

The definition of welfare recipients is:

An adult or teen parent under age 19 receiving assistance under--

The Temporary Assistance for Needy Families (TANF) program administered by a State under the Federal block grant; or

Aid to Families with Dependent Children (AFDC); or

Tribal Temporary Assistance for Needy Families Program administered by an eligible Indian tribe.

L.14.3 ORGANIZATION AND CONTENT OF COST PROPOSAL

The cost proposal shall be completely separate from the technical proposal and shall contain all information relative to cost. Part 1 shall consist of the following sections completed:

- a. Standard Form 33, page 1, Blocks 12 through 15;
- b. Section C: Description/Specifications/Statement of Work, Financial section and all other applicable items; and
- c. Section K: Representations, Certifications, and Other Statements of offerors, all items.

L.15 RETURN OF OFFERS

It is important that the offer is sealed and the outer envelope or wrapping of the offer is addressed as follows: (NOTE: Failure to so mark the outer cover could be the cause of the offer being misdirected and received too late at the required destination as shown below).

FROM: Offeror's Return Address

TO: U.S. Office of Personnel Management
Contracting Division
Attn: Andre Adams
1900 E Street, NW, Room 1342
Washington, DC 20415-7710

L.16 ACCEPTANCE OF PROPOSALS

The Government reserves the right to:

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- a. Consider as acceptable only those proposals submitted in accordance with all technical requirements set forth or referenced in this solicitation and which demonstrate an understanding of the problems involved and the scope of the project.
- b. Reject, as unacceptable, proposals deleting or altering technical requirements which are considered by the Government not to be beyond the state of the art or impossible of attainment.

L.17 AMENDMENTS TO PROPOSAL

Changes to the Proposal by the offeror shall be accomplished by amended page(s). Changes from the original page shall be indicated by a vertical line, adjacent to the change, on the outside page margin. The offeror shall include the date of the amendment on the lower right hand edge of the page.

L.18 CONTRACT CLAUSES

Any resultant contract shall include the clauses applicable to the selected offeror's organization and type of contract awarded as required by Public Law, Executive Order, or procurement regulations in effect at the time of execution of the proposed contract and not at the time of submission of the solicitation.

SECTION M - EVALUATION FACTORS FOR AWARD

M.1 NOTICE LISTING SOLICITATION PROVISIONS INCORPORATED BY REFERENCE

The following solicitation provisions pertinent to this section are hereby incorporated by reference (by Citation Number, Title, and Date) in accordance with the FAR provision at FAR "52.252-1 SOLICITATION PROVISIONS INCORPORATED BY REFERENCE" in Section L of this solicitation. See FAR 52.252-1 for an internet address (if specified) for electronic access to the full text of a provision.

NUMBER	TITLE (FEDERAL ACQUISITION REGULATION (48 CFR Chapter 1)	DATE
52.217-5	EVALUATION OF OPTIONS	JUL 1990

M.2 GENERAL

This section establishes the criteria to be issued for evaluation of all proposals received in response to this solicitation. These criteria will be applied to each offer to determine the successful offeror. The contracting officer may conduct oral or written negotiations with all responsible offerors that are within the competitive range. The competitive range will be established by the contracting officer on the basis of technical and other factors that are stated in this solicitation and will include all offers that have a reasonable chance of being selected for award. The offerors will be provided a reasonable opportunity to submit any technical, cost or price, or other revisions to their offers that may result from negotiations. Negotiations will be closed with submission of "final proposal revisions."

M.3 TRADE AND/OR SPECIAL OFFERS

Offerors may quote any trade and/or special discounts that they desire to offer to the Government. All trade and/or special discounts will be considered in the evaluation of offers.

M.4 PROPOSAL EVALUATION

The Government will make award to the technically acceptable offeror whose proposal offers the greatest overall advantage to the Government as determined by evaluation of the proposals according to the established evaluation criteria, considering cost and other factors. The Government reserves the right to award a contract without discussions.

M.4.1 TECHNICAL EVALUATION PROCESS

1. The technical factors shown below will be used to assess the subjective technical quality of the offeror's proposal. It is important that adequate and specific information be provided. Assurance of experience, capability, qualifications, etc., without a clear demonstration to support the claim will adversely influence the evaluation of the proposal.
2. The Government reserves the right to request an offeror to clarify potential misunderstandings and apparent inaccuracies contained within the offeror's proposal.

M.4.2 TECHNICAL FACTORS

We will evaluate the technical proposals based on the following major criteria, listed in descending order of importance.

1. Education, Marketing, and Enrollment
2. Customer Service
3. Underwriting
4. Claims Administration
5. All other technical components

M.4.3 COST EVALUATION (FINANCIAL SECTION OF STATEMENT OF WORK)

The Government will evaluate cost separately. We will evaluate offers for award purposes by reviewing all components of the financial proposal. This review will include the review of premiums not only for their absolute value, but also for their reasonableness for achieving the goal of long-term premium stability.

We will perform a cost analysis to determine if the proposed costs appear to be realistic based on the Government's requirements, and the Contractor's past and present experience. Cost analysis will include an examination and evaluation of the reasonableness and likelihood of key assumptions underlying pricing, actuarial methodologies employed, and other factors important to price stability and overall cost. This will include analysis of the effect of proposed profit margins, administrative cost guarantees, and investment policy on the long term cost to enrollees.

We will presume that the offeror's proposal represents the offeror's best effort to respond to the solicitation. Any inconsistency, real or apparent, between promised performance and cost or price must be explained in the proposal. The burden of proof as to cost realism and credibility rests with the offeror.

M.4.4 SUBCONTRACTING PLAN (SMALL BUSINESS UTILIZATION)

The Government shall evaluate proposals on the prime contractors' ability to perform the major portions of the contract and aggressively pursue a responsible subcontracting plan to provide the maximum practical opportunities for small and small disadvantaged business concerns. Prime contractors shall also have strong prior corporate support for small and/or small disadvantaged businesses in a subcontracting role.

M.5 DETERMINATION OF THE COMPETITIVE RANGE

Offerors are advised that the Government, upon completion of the technical and cost evaluation processes as defined in M.4.1 through M.4.3, reserves the right to establish a competitive range without engaging in further discussions or negotiation sessions concerning the terms and conditions of such offers. The competitive range shall be comprised of all offerors with a reasonable opportunity to receive contract award. Those proposals whose technical and cost evaluations fall within the competitive range shall proceed to the next step of the evaluation process. Offerors not falling within the competitive range shall be eliminated from further consideration.

M.6 ORAL PRESENTATION

After establishing the competitive range, the Government may hold oral presentations to further identify the best qualified firms. Only those offerors within the competitive range will be scheduled for an oral presentation (unless it is determined that an oral presentation is necessary to complete the initial evaluation). Offerors must cover the following areas in their oral presentations:

- Teaming arrangements;
- Corporate experience and philosophies related to LTC insurance; and
- Qualifications and experience of key personnel.

At the conclusion of each offeror's oral presentation, clarifications and discussions **may** occur in accordance with FAR Part 15.

M.7 AWARD

1. The Government intends to make one contract from this solicitation.
2. Award will be made to the responsible and technically acceptable offeror whose proposal is determined to be most advantageous to the Government, technical requirements, price, and other factors considered. Technical factors will be significantly more important than cost factors in the source selection decision.
3. The Government may:
 - a. Reject all offers;
 - b. Accept other than the lowest offer; and
 - c. Waive information and minor irregularities in offers received.
4. The Government may award a contract on the basis of initial offers received, without discussions. Therefore, each initial offer should contain the offeror's best terms from a cost or price and technical standpoint.

M.8 RESPONSIBILITY

An offeror must be determined responsible according to the standards in the Federal Acquisition Regulation (FAR), Part 9, to be eligible for contract award.

M.9 WELFARE TO WORK

Offerors who include in their technical proposal a plan to hire welfare recipients for positions under a contract awarded resulting from this solicitation or who have established a company-wide plan for employment of welfare recipients will be given credit in the evaluation of their proposals.

M.10 BEST OVERALL RESPONSE

Unless all offers are rejected, award will be made to the responsible offeror(s) whose offer, conforming to the solicitation, is determined to be the best overall response, price or cost and other factors considered.