
FEHB Program Carrier Letter

Experience-Rated HMOs

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

Letter No. 1999-036B

Date: August 13, 1999

Fee-for-service [n/a] Experience-rated HMO [31] Community-rated [n/a]

SUBJECT: 1999 Contract Amendments

This letter transmits two amendments to the 1999 Federal Employees Health Benefits (FEHB) Program Standard Contract. The first amendment revises PART I - GENERAL PROVISIONS. The amendment is necessary to implement the transitional care provisions of the Patients' Bill of Rights.

Beginning January 1, 2000, enrollees who are undergoing treatment for a chronic or disabling condition (or who are in the second or third trimester of pregnancy) at the time a carrier terminates all or a part of its FEHB contract, or terminates the enrollees' specialty provider contract for reasons other than cause, may be able to continue to see their specialty provider for up to 90 days (or through their postpartum care). The 90-day treatment period begins the earlier of the date the enrollee receives the notice of termination of the FEHB carrier or provider, the date the carrier's contract ends, or the date the provider is terminated by a carrier.

You must notify your enrollees in writing at least 90 days before you terminate all or a part of your FEHB contract, including service area reductions, or you terminate the enrollees' specialty provider contract for reasons other than cause. You must send the notice in time to ensure it is received by the enrollee no less than 90 days prior to the date of your terminating event, or demonstrate you were prevented from doing so for reasons beyond your control. Your prompt notice will ensure that the notification period and the transitional care period run concurrently.

The second amendment applies only to carriers that have been notified that they are to participate in the three-year FEHB/DoD Demonstration Project authorized by 10 U.S.C. 1108. Carriers not participating in the demonstration project should discard this amendment. The amendment revises PART IV -- SPECIAL PROVISIONS, Section 4.1, ALTERATIONS IN CONTRACT, by adding a new clause on allowable costs that exceed the carriers' 1999 administrative expense limitation. The clause permits the carrier to

charge actual, allowable, allocable, and reasonable costs incurred and related to the carrier's start-up of the demonstration project outside the limitation.

Contact your OPM contract specialist if you have any questions about the amendments. The signed amendments should be returned to your contract specialist by September 1, 1999.

Sincerely,

(signed)
Frank D. Titus
Assistant Director
for Insurance Programs

Enclosures

CONTRACT FOR FEDERAL EMPLOYEES HEALTH BENEFITS

CONTRACT NO: AMENDMENT NO: 1999-0
EFFECTIVE: January 1, 19 EFFECTIVE: September 1, 1999

BETWEEN: THE UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
hereinafter called the OPM, the Agency, or the Government

AND

CONTRACTOR:
hereinafter also called the Carrier

Address:

PART I B GENERAL PROVISIONS, is revised to add a new section at the end:

SECTION 1. __
NOTICE TO ENROLLEES ON TERMINATION OF FEHBP OR PROVIDER CONTRACT
(SEPT 1999)

(a) Enrollees who are undergoing treatment for a chronic or disabling condition or who are in the second or third trimester of pregnancy at the time a carrier (1) terminates all or a part of its FEHBP contract, or (2) terminates the enrollees' specialty provider contract, for reasons other than cause, may be able to continue to see their specialty provider for up to 90 days or through their postpartum care.

(b) The Carrier shall notify its enrollees in writing of its intent to terminate all or part of its FEHBP contract, including service area reductions, or the enrollees' specialty provider contract, for reasons other than cause in order to allow sufficient time for the enrollees to arrange for continued care after the 90-day period. The Carrier shall send the notice in time to ensure it is received by the enrollees no less than 90 days prior to the date it terminates the contract, unless the Carrier demonstrates it was prevented from doing so for reasons beyond its control. The Carrier's prompt notice will ensure that the notification period and the transitional care period run concurrently.

FOR THE CARRIER

FOR THE GOVERNMENT

Name of Person Authorized to
Execute Contract *(Type or print)*

Name of Contracting Officer
(Type or print)

Title

Title

Signature

Signature

Date Signed

Date Signed

CONTRACT FOR FEDERAL EMPLOYEES HEALTH BENEFITS

CONTRACT NO: AMENDMENT NO: 1999-0
EFFECTIVE: January 1, 19 EFFECTIVE: January 1, 1999

BETWEEN: THE UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
hereinafter called the OPM, the Agency, or the Government

AND

CONTRACTOR:
hereinafter also called the Carrier

Address:

PART IV B SPECIAL PROVISIONS, is revised to add a new section at the end for carriers participating in the three-year FEHB/DoD Demonstration Project.

[For DoD Demonstration Project carriers only]
SECTION 4.1()
PARTICIPATION IN THE DoD
DEMONSTRATION PROJECT
(JAN 1999)

(a) The Carrier shall participate in the FEHB/DoD Demonstration Project authorized by 10 U.S.C. 1108 (ADoD Demonstration Project®) under the terms and conditions specified by OPM.

(b) Actual, allowable, allocable, and reasonable costs incurred by the Carrier that are related to starting up the DoD Demonstration Project are chargeable to this contract. Any actual, allowable, allocable, and reasonable costs related to the Demonstration Project that are chargeable in 1999 that exceed the 1999 Administrative Expense Limitation set forth in Appendix B may be charged to the contract outside the limitation. OPM will provide instructions on how to separately account for those costs on the 1999 accounting statement.

FOR THE CARRIER

FOR THE GOVERNMENT

Name of Person Authorized to
Execute Contract *(Type or print)*

Name of Contracting Officer
(Type or print)

Title

Title

Signature

Signature

Date Signed

Date Signed