

FEHB Program Carrier Letter All Experience-rated Carriers

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

Letter No. 2000-18A

Date: April 19, 2000

Fee-for-service [14] Experience-rated HMO [16] Community-rated [--]

SUBJECT: 2001 Rate Instructions for Experience-Rated Plans

On the enclosed disk are the VISUAL BASIC questionnaire, WORD questionnaires and WORD table 2 through 4 that combined with your documented cost of benefit changes will constitute your rate proposal for participation in the FEHBP for 2001. You must fully document all estimates with respect to assumptions and actuarial methodology. Your submission is due on **May 31, 2000**.

The following table illustrates what you must submit.

| | New Experience Rated Plans and 1 st -Year DoD participation in 2001 | Plan's in 2 nd - Year of participation or 2 nd -Year DoD participation in 2001 | All Others (3 or more years participation in 2001) |
|--|--|--|--|
| VISUAL BASIC Questionnaire | | | X |
| One Year WORD Questionnaire | X | | |
| Two Years WORD Questionnaire | | X | |
| Documented Cost of Benefit Changes | | X | X |
| Summary Statement of 12/31/99 Accounting Statement | | | X |
| Table 2 | X | X | X |
| Table 3 | | X | X |
| Table 4 | | X | X |

Plans for whom 2001 is the 3rd year of participation should attempt to use the VISUAL BASIC Questionnaire. Plans that are unable to complete the VISUAL BASIC questionnaire should use the word questionnaire on the enclosed disc.

HMO's must complete Table 3 and include it with the submission and submit Table 4 as soon as the May data is available but no later than June 20. If you provide some services through capitation, enclose separate schedules covering 1999 as well as the 4 and 5 month periods for 2000 in which claims are broken out by capitated services, non-capitated services, and total services.

Fee for service plans may omit Tables 3 and 4 but must confirm that the submission of monthly incurred claims is current.

If your plan has two options, rate each option as a separate plan and submit separate documentation for each option.

You should set your proposed rates so that the sum of the ending special reserve balance plus the ending contingency reserve balance moves toward the reserve goal of 2 months of total outgo. If you project that your rates will not achieve the reserve goal as of December 31, 2001, please explain why your proposed rates are more reasonable than rates which would achieve the 2-month goal.

Include in your submission: your proposal; the summary statement to your December 31, 1999, accounting statement; documented cost of benefit changes; the questionnaire; and appropriate tables. Sent one copy to:

ACTUARY@OPM.GOV or
Office of Personnel Management
Ms. Nancy H. Kichak
Director, Office of Actuaries
1900 E Street, NW., Room 4307
Washington, DC 20415

Send the VISUAL BASIC portion of your submission by enclosing the data file and report file created by the program. You may send the WORD portion of your submission in a WORD or EXCEL format.

Please send a duplicate copy of Table 1 (from the questionnaire) and Table 2 to:

Office of Personnel Management
Mr. Frank D. Titus
Assistant Director for Insurance Programs
1900 E Street, NW., Room 3424
Washington, DC 20415

If you have any questions, please contact Mr. Ron Gresch at (202) 606-0722 or rvgresch@opm.gov. We will send you a statement of your December 31, 1999, contingency reserve balance in the near future.

Sincerely,

Frank D. Titus
Assistant Director
for Insurance Programs

Enclosures