
FEHB Program Carrier Letter

All Carriers

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

Letter No. 2000-22

Date: May 5, 2000

Fee-for-service [17] Experience-rated HMO [19] Community-rated HMO [21]

SUBJECT: Open Season Material & Reimbursement of Printing Costs

As in past years, we expect you to typeset and print your brochures for the Federal Employees Health Benefits (FEHB) Program. You bear full responsibility for the accuracy and timeliness of your FEHB brochures, and we will hold you accountable for any brochure errors.

We will concentrate on coming to agreement with you on your benefit proposals, and on perfecting language so that you clearly communicate your coverage in an easily understood way.

You will receive the new brochure plain language and format soon, if you haven't already. Work with your OPM contract specialist to add your benefits and procedures -- including your changes and clarifications for 2001 -- to this new frame. Follow the frame and other guidance we send concerning mandatory language. Periodically during benefit negotiations, we will exchange text and discuss your proposals electronically.

Process - Once we complete benefit negotiations, we will electronically transmit to you the agreed-upon brochure text language that you are to print in your 2001 brochure. You cannot alter the text after that. We will incorporate a copy of the agreed-upon brochure text language as Appendix A to the 2001 FEHB contract between OPM and you, and we will send the entire contract to you for signature.

After we sign the 2001 FEHB contract, you are free to layout and print your brochures. (Do not print the brochure if you are not confident it is correct.) You must also create a Portable Data File (PDF) of your brochure and submit it by October 13, 2000 for posting on our web site.

Along with your brochure text file, we will send you printing specifications for your brochure, electronic graphics, and the OPM authorization block. Earlier, in August, we will send your brochure quantities form, shipping labels, and related Open Season instructions.

You are responsible for assuring that the brochure is accurately typeset and conforms to the agreements reached on benefits and the instructions for printing the brochure. You are also accountable for any errors in the final printed brochure and PDF file. After printing the brochure, please send to your OPM contract specialist the number of brochures specified on the Brochure Quantities Form.

If we discover unauthorized material changes to benefits or language in your printed brochure, you will have to reprint and redistribute corrected brochures at your expense. In addition, you will have to notify all enrollees of the error and of the correct available benefit. The contracting officer may allow you to correct some less serious errors through printing and distributing addendum sheets containing corrected brochure language, rather than reprinting the brochure. Your OPM Contracting Officer will advise you of the corrective action we require. **It is in the best interests of you, your FEHB members, and the FEHB Program to produce accurate FEHB brochures. Please take appropriate steps during brochure production to assure brochure accuracy.**

You will have to pay any extra printing and distribution costs and absorb any penalties.

Rates - For 2001, the rates will appear on the back cover of your brochure. The rates will be sent to you when they are released in early September.

Reimbursement of Printing Costs - As in previous years, we will reimburse you for costs associated with printing the quantity of brochures that we authorize you to print. *Community-rated plans only:* The charges to the FEHB Program will be accounted for as part of the rate reconciliation process.

We will not reimburse the costs of printing open season marketing materials, or of brochures, addenda, or other informational materials required to correct brochure printing errors.

Penalties for Brochure Production Errors - If you efficiently produce accurate FEHB brochures you will benefit from the additional time and increased freedom our brochure production process provides. However, if you are unable to produce accurate brochure proofs, you will face additional work as printing deadlines approach. We expect you to devote the resources necessary to ensure the accuracy and content of your brochure.

We will assess penalties for brochure production and printing errors based on the significance of the error. You may not charge penalties or the cost of corrective action to the FEHB Program. Possible penalties (in addition to appropriate corrective action) would be a disallowance of not less than \$500, but if more, not more than 50 percent of your brochure printing allowance.

If your plan is experience-rated, we will consider failure to efficiently produce accurate FEHB brochures when we determine your service charge. If your plan is community-rated, we will factor your non-conformance into your performance evaluation.

Penalties for Late Brochure Distribution - Most FEHB brochures are delivered on time. However, some carriers have shipped late or failed to ship to OPM's Cedar Rapids, Iowa, site and, less frequently, to Federal agencies. **If you do not ship timely, you may be subject to the penalties described above.** (We will increase the penalty as warranted by the delay.) *If your plan is experience-rated,* we will consider the untimely shipping when we determine your service charge. *If your plan is community-rated,* we will deduct the penalty as a part of the rate reconciliation. Avoid penalties. Make it a priority to timely ship to Cedar Rapids and Federal agencies.

Audio tapes of Brochures - As a reminder to *open Fee-for-Service plans,* you must prepare tone indexed audio cassette tapes of your 2001 brochures and distribute them to agencies and visually impaired enrollees upon request.

Sincerely,

(signed)

Frank D. Titus
Assistant Director
for Insurance Programs