
FEHB Program Carrier Letter

Community-Rated Carriers

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

Letter No. 2000-43C

Date: September 8, 2000

Fee-for-service [--] Experience-rated HMO [--] Community-rated [41]

SUBJECT: Amendments to the Standard Contracts for Community-Rated Carriers

Please review the enclosed Standard Contract amendments for Community-Rated carriers for Contract Year 2001. New language is in **boldface** and language to be deleted is in ~~strikeout~~. So that we can consider your comments, we must receive them no later than September 29, 2000.

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

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

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

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

Section 2.6, Coordination of Benefits, updates the NAIC reference from "Model Guidelines for Coordination of Benefits" to "Group Coordination of Benefits Model Regulation, Rules for Coordination of Benefits." The NAIC has rewritten the Rules for Coordination of Benefits in plain language, and you will receive a copy as Appendix E when we send you your 2001 standard contract amendment. We will update this FEHBAR clause in the near future to reflect the name change. The Rules for Coordination of Benefits include the Medicare coordination of benefits rules. Except as otherwise noted in your contract, we remind you to follow these rules when determining the order of benefit payments.

Section 2.11, Claims Processing, is revised to delete reference to the Year 2000 because the target date for the majority of your provider claims to be submitted electronically has

passed. We replaced the term "physician" with "provider" to reflect the fact that claims are submitted by a broad range of providers that extends beyond physicians.

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

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

Section 3.6, Discrepancies Between Enrollment and Payments to Carrier, is updated to remove the requirement to review the enrollment reconciliation process and the contract clause for Contract Year 2001. The review is now complete and we have concluded that the enrollment reconciliation process set out in the clause is an improvement over procedures followed in the past. As an additional measure to assist in bringing reconciliation to closure, we have published disenrollment regulations that facilitate reconciliation of carrier and employing office enrollment records that can't be identified through personnel systems. The regulations allow carriers to disenroll individuals when their employing office of record does not show them as enrolled in the carrier's plan and the carrier is otherwise unable to verify the enrollment. We will review the procedure again when the FEHB centralized enrollment system is in place.

Section 3.8, Taxpayer Identification Number, is a new FEHBAR clause that was published in the Federal Register on June 8, 2000. It requires you to submit information, to comply with debt collection requirements of 31 U.S.C. 7701(c) and 3325(d), reporting requirements, of 26 U.S.C. 6041, 6041A, and 6050M, and implementing regulations issued by the Internal Revenue Service.

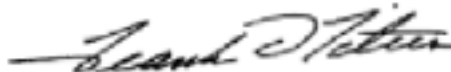
Appendix C is removed and reserved because alternative methods of collecting the information are now in place.

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

When we send you the final contract amendments, we will update Federal Acquisition Regulation clauses that have been revised during the past year. New or revised FEHBAR clauses will show the date the clause or revision was originally effective. All new and revised non-FEHBAR clauses will show the date "JAN 2001." Revised FAR clauses will show the date of the FAR revision.

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

Sincerely,



Frank D. Titus
Assistant Director
for Insurance Programs

Enclosure