

considered to be a vendor for purposes of this chapter.

(i) Where the total costs charged to the FEHB carrier for a contract term for FEHB members, including benefits and services, are reasonably expected to exceed 5 percent of the carrier's total FEHB benefits costs, or

(ii) Where the total administrative costs charged to the FEHB carrier for the contract term for FEHB members are reasonably expected to exceed 5 percent of the carrier's total FEHB administrative costs (applicable to agreements where the provider is not responsible for FEHB benefits costs).

(3) As used in this section, the term "carrier" does not include local health plans that serve under an umbrella arrangement with an FEHB carrier.

(b) The FEHB Program Annual Accounting Statement for the FEHB Plan for the prior contract year will be used to determine the 5 percent threshold under Large Provider Agreements.

(c) Large Provider Agreements based on cost analysis are subject to the provisions of FAR 52.215-2, "Audit and Records-Negotiation."

(d) Large Provider Agreements based on price analysis are subject to the provisions of 48 CFR 1646.301 and 1652.246-70.

[70 FR 31379, June 1, 2005]

## **PART 1603—IMPROPER BUSINESS PRACTICES AND PERSONAL CONFLICTS OF INTEREST**

### **Subpart 1603.70—Misleading, Deceptive, or Unfair Advertising**

Sec.

1603.7001 Policy.

1603.7002 Additional guidelines.

1603.7003 Contract clause.

AUTHORITY: 5 U.S.C. 8913; 40 U.S.C. 486(c); 48 CFR 1.301.

SOURCE: 52 FR 16039, May 1, 1987, unless otherwise noted.

### **Subpart 1603.70—Misleading, Deceptive, or Unfair Advertising**

#### **1603.7001 Policy.**

(a) OPM prepares and distributes or makes available to Federal employees and annuitants a comparison booklet

which presents summary information and a benefits brochure which details benefits, limitations, and premium rates for all participating plans. OPM does not encourage, support, or reimburse participating carriers for the costs of advertisements. However, while OPM believes that advertising is unnecessary, it recognizes that the decision to use advertising rests with each carrier.

(b) OPM discourages advertising that is misleading or deceptive. This includes advertising that is directed at other carriers' plans participating in the Program and which uses incomplete or inappropriate comparisons or disparaging or minimizing techniques. Such unfair practices are prejudicial to the interests of the vast majority of carriers whose advertising is fair and accurate.

(c) Failure to conform to the requirements of this subpart shall be a material breach of the contract and may result in withdrawal of approval to continue participation in the FEHB Program.

[52 FR 16039, May 1, 1987. Redesignated at 62 FR 47574, Sept. 10, 1997]

#### **1603.7002 Additional guidelines.**

Any advertisements which identify a carrier's participation in the FEHBP shall—

(a) Be limited to the merits of the carrier's FEHBP plan and shall be limited to factual statements of the benefits and rates offered by that plan. The official document for benefit and rate comparisons among FEHBP plans is the comparison chart issued by OPM.

(b) Not use the FEHBP logo.

(c) Recognize that the officially approved plan brochure is the sole contractual statement of benefits, limitations, and exclusions. All advertisements that in any way discuss plan benefits shall contain the following statement:

This is a summary (or brief description) of the features of the (plan's name). Before making a final decision, please read the plan's officially approved brochure, (brochure number). All benefits are subject to the definitions, limitations, and exclusions set forth in the official brochure.

(d) Set forth the rates for the plan, if the advertisements discuss benefits.

### 1603.7003

(e) Not give instructions on enrollment. Statements on enrollment procedures, requirements, or eligibility shall be limited to those such as:

To sign up, fill out a Health Benefits Registration Form (Standard Form 2809) from your personnel office indicating the enrollment you want:

The enrollment codes for (plan's name) are:

Self Only \_\_\_\_\_ Enrollment Code \_\_\_\_\_

Self and Family \_\_\_\_\_ Enrollment Code \_\_\_\_\_

The form must then be returned to your personnel office before the (date) deadline. Your (plan's name) coverage will begin the first pay period in January, (year). If you are a retired Federal employee and need forms, contact the Office of Personnel Management at P.O. Box 809, Washington, DC 20044.

[52 FR 16039, May 1, 1987. Redesignated at 62 FR 47574, Sept. 10, 1997]

#### 1603.7003 Contract clause.

The clause at 1652.203-70 shall be inserted in all FEHBP contracts.

[52 FR 16039, May 1, 1987. Redesignated at 62 FR 47574, Sept. 10, 1997]

## PART 1604—ADMINISTRATIVE MATTERS

### Subpart 1604.7—Contractor Records Retention

Sec.

1604.703 Policy.

1604.705 Specific retention periods.

### Subpart 1604.9—Taxpayer Identification Number

1604.970 Taxpayer Identification Number.

### Subpart 1604.70—Coordination of Benefits

1604.7001 Coordination of benefits clause.

### Subpart 1604.71—Disputed Health Benefit Claims

1604.7101 Filing health benefit claims/court review of disputed claims.

### Subpart 1604.72—Large Provider Agreements

1604.7201 FEHB Program Large Provider Agreements.

1604.7202 Large Provider Agreement clause.

AUTHORITY: 5 U.S.C. 8913; 40 U.S.C. 486(c); 48 CFR 1.301.

## 48 CFR Ch. 16 (10-1-09 Edition)

SOURCE: 52 FR 16039, May 1, 1987, unless otherwise noted.

### Subpart 1604.7—Contractor Records Retention

#### 1604.703 Policy.

In view of the unique payment schedules of FEHBP contracts and the compelling need for records retention periods sufficient to protect the Government's interest, contractors shall be required to maintain records for periods determined in accordance with the provisions of FAR 4.703(b)(1).

#### 1604.705 Specific retention periods.

Unless the contracting officer determines that there exists a compelling reason to include only the contract clause specified by FAR 52.215-2 "Audit & Records—Negotiation," the contracting officer shall insert the clause at 1652.204-70 in all FEHBP contracts.

[52 FR 16039, May 1, 1987, as amended at 62 FR 47574, Sept. 10, 1997]

### Subpart 1604.9—Taxpayer Identification Number

SOURCE: 65 FR 36386, June 8, 2000, unless otherwise noted.

#### 1604.970 Taxpayer Identification Number.

Insert the clause at section 1652.204-73 in all FEHBP contracts.

### Subpart 1604.70—Coordination of Benefits

#### 1604.7001 Coordination of benefits clause.

OPM expects all FEHBP plans to coordinate benefits. Accordingly, the clause set forth at 1652.204-71 shall be inserted in all FEHBP contracts.

### Subpart 1604.71—Disputed Health Benefit Claims

#### 1604.7101 Filing health benefit claims/court review of disputed claims.

Guidelines for a Federal Employees Health Benefit (FEHB) Program covered individual to file a claim for payment or service and for legal actions on