1602.170–8  

1602.170–8 FEHBP.  

FEHBP means the Federal Employees Health Benefits Program.  


1602.170–9 Health benefits plan.  

Health benefits plan means a group insurance policy, contract, medical or hospital service agreement, membership or subscription contract, or similar group arrangements provided by a carrier for the purpose of providing, arranging for, delivering, paying for, or reimbursing any of the costs of health care services.  


1602.170–10 Letter of credit.  

Letter of credit means the method by which certain carriers, and their underwriters if authorized, receive recurring premium payments and contingency reserve payments by drawing against a commitment (certified by a responsible OPM official) which specifies a dollar amount available. For each carrier participating in the letter of credit arrangement for payment under this part, the terms “carrier reserves” and “special reserves” include any balance in the carrier’s letter of credit account.  


1602.170–11 Negotiated benefits contracts.  

Negotiated benefits contracts are FEHBP contracts in which benefits provided and subscription income are based on either community rating or experience rating.  


1602.170–12 OPM.  

OPM means the Office of Personnel Management.  


1602.170–13 Similarly sized subscriber groups.  

(a) Similarly sized subscriber groups (SSSGs) are a comprehensive medical plan carrier’s two employer groups that:  

(1) As of the date specified by OPM in the rate instructions, have a subscriber enrollment closest to the FEHBP subscriber enrollment; and,  

(2) Use any rating method other than retrospective experience rating; and,  

(3) Meet the criteria specified in the rate instructions issued by OPM.  

(b) Any group with which an FEHB carrier enters into an agreement to provide health care services is a potential SSSG (including separate lines of business, government entities, groups that have multi-year contracts, and groups having point-of-service products).  

(c) Exceptions to the general rule stated in paragraph (b) of this section are (and the following groups must be excluded from SSSG consideration):  

(1) Groups the carrier rates by the method of retrospective experience rating;  

(2) Groups consisting of the carrier’s own employees;  

(3) Medicaid groups, Medicare groups, and groups that have only a stand alone benefit (such as dental only);  

(4) A purchasing alliance whose rate-setting is mandated by the State or local government.  

(d) OPM shall determine the FEHBP rate by selecting the lower of the two rates derived by using rating methods consistent with those used to derive the SSSG rates.  


1602.170–14 FEHB-specific medical loss ratio threshold calculation.  

(a) Medical loss ratio (MLR) means the ratio of plan incurred claims, including the issuer’s expenditures for activities that improve health care quality, to total premium revenue determined by OPM, as defined by the Department of Health and Human Services.  

(b) The FEHB-specific MLR will be calculated on an annual basis, with the prior year’s ratio having no effect on the current plan year. This FEHB-specific MLR will be measured against an FEHB-specific MLR threshold to be put forth by OPM in the annual rate instruction letter to FEHB carriers.
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(c) OPM will set a credibility adjustment to account for the special circumstances of small FEHB plans in annual rate instructions to carriers.

[76 FR 38285, June 29, 2011]

1602.170–15 Subcontractor.

Subcontractor means any supplier, distributor, vendor, or firm that furnishes supplies or services to or for a prime contractor or another subcontractor, except for providers of direct medical services or supplies pursuant to the Carrier’s health benefits plan.


1602.170–16 Large Provider Agreement.

(a) Large Provider Agreement means an agreement between—

(1) An FEHB carrier, at least 25 percent of which total contracts are FEHB enrollee contracts, and

(2) A vendor of services or supplies such as mail order pharmacy services, pharmacy benefit management services, mental health and/or substance abuse management services, preferred provider organization services, utilization review services, and/or large case or disease management services. This representative list includes organizations that own or contract with direct providers of healthcare or supplies, or organizations that process claims or manage patient care. A hospital is not 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. Redesignated at 76 FR 38285, June 29, 2011]

PART 1603—IMPROPER BUSINESS PRACTICES AND PERSONAL CONFLICTS OF INTEREST

Subpart 1603.70—Misleading, Deceptive, or Unfair Advertising

1603.7001 Policy.

Sec.
1603.7001 Policy.
1603.7002 Additional guidelines.
1603.7003 Contract clause.


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