Rate reduction for defective pricing or defective cost or pricing data.

The clause set forth in section 1652.215–70 will be inserted in FEHB Program contracts, at or above the threshold in FAR 15.403–4(a)(1), that are based on a combination of cost and price analysis (community-rated).

Carrier investment of FEHB funds.

(a) Except for contracts based on a combination of cost and price analysis (community-rated), the carrier is required to invest and reinvest all funds on hand, including any attributable to the special reserve or the reserve for incurred but unpaid claims, exceeding the funds needed to discharge promptly the obligations incurred under the contract.

(b) The carrier is required to credit income earned from its investment of FEHB funds to the special reserve on behalf of the FEHB Program. If a carrier, for any reason, fails to invest excess FEHB funds or to credit any income due to the contract, it will return or credit any investment income lost to OPM or the special reserve.

Investment income clause.

The clause set forth in 1652.215–71 will be inserted in all FEHB contracts based on cost analysis.

Subparts 1615.8–1615.9 [Reserved]

Audit and records.

The Contracting officer will modify 52.215–2 in all FEHB Program experience-rated contracts by amending paragraph (g) of that section to replace the words “exceed the simplified acquisition threshold” with “equals or exceeds $550,000.” This amount shall be adjusted by the same amount and at the same time as any change to the threshold for application of the Truth in Negotiations Act pursuant to 41 U.S.C. 254b(a)(7).

[70 FR 31381, June 1, 2005]

PART 1616—TYPES OF CONTRACTS

Subpart 1616.1—Selecting Contract Types

Sec.

1616.102 Policies.

1616.105 Solicitation provision.

Subpart 1616.70—Negotiated Benefits Contracts

1616.7001 Clause—contracts based on a combination of cost and price analysis (community-rated).

1616.7002 Clause—contracts based on cost analysis (experience rated).

[Source: 52 FR 47575, Sept. 10, 1997, unless otherwise noted.]