may be made by an alternative payment methodology, subject to OPM approval.

Subpart 1632.7—Contract Funding

1632.770 Contingency reserve payments.

(a) Payments from the contingency reserve shall be made in accordance with 5 CFR 890.503.

(b) A carrier for an FEHB plan may apply to OPM at any time for a payment from the contingency reserve that is in addition to those amounts, if any, paid under 5 CFR 890.503(c)(1) through (c)(4), if the carrier can show good cause, such as, unexpected adverse claims experience. OPM will decide whether to allow the request in whole or in part and will advise the carrier of its decision. However, OPM shall not unreasonably withhold approval for amounts requested that exceed the plan’s preferred minimum balance for the contingency reserve.

1632.771 Non-commingling of FEHB funds.

(a) This section applies to contracts based on cost analysis.

(b) Carrier or underwriter commingling of FEHB funds with those from other sources makes it difficult to precisely determine FEHB cash balances at any given time or to precisely determine investment income attributable to FEHB invested assets.

(c) FEHB funds shall be maintained separately from other cash and investments of the carrier or underwriter. Cash and investment balances reported on FEHB Annual Accounting Statements must agree with the carrier’s books and records.

(d) This requirement may be waived by the contracting officer in accordance with the clause at 1652.232–72 when adequate accounting and other controls are in effect. If the requirement is waived, the waiver shall remain in effect until it is withdrawn by OPM. The waiver shall be withdrawn if OPM determines that the accounting controls are no longer adequate to properly account for FEHB funds.

Subpart 1632.8—Assignment of Claims

1632.806–70 Contract clause.

The clause set forth in 1652.232–73 shall be inserted in all FEHB contracts.