
FEHB Program Carrier Letter

Experience Rated Carriers

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

Letter No. 1999-039

Date: August 27, 1999

Fee-for-service [33] Experience-rated HMO [33] Community-Rated HMO [n/a]

**SUBJECT: Class Deviation from Federal Acquisition Regulation (FAR) 31.205-46(a)(2)(i),
Maximum Per Diem Rates Under the Federal Travel Regulations (FTR)**

This letter transmits an authorization of deviation from the travel costs requirements of Federal Acquisition Regulation (FAR) 31.205-46(a)(2)(i) for experience-rated carriers. Effective January 1, 1999, carriers may choose to satisfy the limitation on allowable travel costs by either using the revised Federal Travel Regulations (FTR) rates and definitions that are effective as of January 1, 1999, or by continuing to use the FTR maximum per diem rates and definitions of lodging, meals, and incidental expenses in effect on December 31, 1998. This class deviation is approved through December 31, 1999.

Carriers must consistently use either the 1998 or 1999 FTRs during the approved time period. That is, carriers may not pick and choose for individual trips which set of FTRs they will follow.

Contact your OPM contract specialist if you have any questions about this deviation.

Sincerely,

(signed)
Frank D. Titus
Assistant Director
for Insurance Programs

Enclosure



United States
**Office of
Personnel Management** Washington, DC 20415-0001

August 27, 1999

MEMORANDUM FOR THE FILE

SUBJECT: Class Deviation from Federal Acquisition Regulation (FAR)
31.205-46(a)(2)(i), Maximum Per Diem Rates Under the Federal
Travel Regulations (FTR)

I authorize all Federal Employees Health Benefits Program experience rated carriers to deviate from the requirements of FAR 31.205-46(a)(2)(i). Effective January 1, 1999, FEHB experience rated carriers may choose to satisfy the limitation on allowable travel costs by continuing to use the Federal Travel Regulation (FTR) maximum per diem rates and the definitions of lodging, meals, and incidental expenses in effect on December 31, 1998, or by using the revised FTR rates and definitions that are effective January 1, 1999.

FAR 31.205-46(a)(2)(i) limits allowable costs for contractor employee lodging, meals, and incidental expenses to the maximum per diem rates in effect at the time of travel set forth in the FTR for travel in the conterminous 48 United States.

On December 2, 1998, the General Services Administration (GSA) issued a final rule that significantly changes how the FTR maximum per diem rate limitations are computed, including extracting lodging taxes from the per diem rates and allowing payment of lodging taxes as a miscellaneous expense instead. The revised FTR rule went into effect on January 1, 1999.

The amended GSA rule may cause carriers to experience a significant administrative burden and incur substantial costs in modifying their systems to comply with this new rule. At the same time, the Civilian Agency Acquisition Council is proposing to amend the FAR to remove the maximum per diem rate limitations and adopt an allowability standard that is more consistent with the commercial marketplace [**64 FR 27654, May 20, 1999**]. Therefore, I am authorizing a class deviation to permit the use of either the FTR rates and definitions effective on December 31, 1998, or the revised FTR rates and definitions that went into effect on January 1, 1999.

This class deviation is approved until December 31, 1999.

(Signed)

Frank D. Titus
Assistant Director,
Office of Insurance Programs

Concurrence:

(Signed)

Nancy Kichak, Actuary

(Signed)

Kathleen M. McGettigan
Assistant Director for Systems, Finance,
and Administration

(Signed)

Sanders Gerson,
Deputy Assistant Inspector General for Audits