
FEHB Program Carrier Letter

Health Maintenance Organizations (New)

U.S. Office of Personnel Management
Insurance Services Program

Letter No. 2006 - 13(b)

Date: May 2, 2006

Fee-for-service [n/a] Experience-rated HMO [12] Community-rated [12]

SUBJECT: 2007 Technical Guidance and Instructions for Preparing Benefits and Service Area Proposals for New HMOs

Enclosed are the technical guidance and instructions for preparing your benefit and service area proposals for the contract term January 1, 2007 through December 31, 2007. The guidance and instructions are in five parts:

- Part One: Preparing Your Benefit Proposal
- Part Two: Changes in Service Area Since You Applied to the Federal Employees Health Benefits (FEHB) Program
- Part Three: Benefits for Newly-Approved HMOs
- Part Four: Preparing Your 2007 Brochure
- Part Five: Preparing Your Proposal for High Deductible Health Plans (HDHP), Health Savings Accounts (HSA), and Health Reimbursement Arrangements (HRA)

Please refer to our annual *Call Letter* (Carrier Letter 2006-09) dated April 4, 2006, for *policy guidance*. OPM has benefit policies that remain in effect from year to year. See Part 3 of this letter for details.

Please send your proposal for benefits and service area changes no later than May 31, 2006. Please send a copy of your proposal on a CD-Rom or other electronic means to your contract specialist in addition to a hard copy. Your proposal should include the corresponding language for the brochure. You do not need to send your fully completed 2007 brochure by May 31, only brochure language to describe your proposed benefits for Section 5 of the brochure. Enclosed for your convenience is a checklist (Attachment VII) with the information you need to provide. Please return the completed checklist along with your benefit and rate proposals.

Your OPM contract specialist will negotiate your 2007 benefits with you and finalize the negotiations in a closeout letter. Please send an electronic version of your fully completed 2007 brochure to your contract specialist within five business days following the receipt of the closeout letter **or** by the date set by your contract specialist.

We have implemented a new brochure process for 2007. The new process is a web application that uses database software. The web application will automatically generate a 508 compliant PDF. In June we will issue the *2007 FEHB Program Brochure Handbook* update and a *2007 FEHB Program Application User Manual*, and we will provide training for all plans on how to use the brochure application. In August we will also send you a brochure quantity form and other related Open Season instructions.

Rate instructions for community-rated plans and for experience-rated plans will be provided under separate cover. Keep in mind that FEHB rate submissions are the cornerstone of our financial relationship with HMOs. We may audit your FEHB rates and their supporting documentation to ensure they are accurate and reasonable. If you misrepresent your FEHB Program rates, we may take criminal or civil legal actions against the carrier or its officials. We, with the support of the Inspector General's Office and the Justice Department, will aggressively pursue any misrepresentation.

In keeping with the spirit of the call letter, we remain extremely price sensitive. Although we do not limit HMOs to zero cost benefit tradeoffs, we prefer that benefits remain consistent with your benefit package purchased by the greatest number of your subscribers.

Our experience is that a plan with less than four years experience in the FEHB Program is most at-risk for dropping out of the Program. Newer plans that drop out are more likely to cite insufficient FEHB enrollment as the reason for no longer wishing to participate. The FEHB Program is a mature, managed care market. Your ability to differentiate yourself in terms of pricing, benefits, service, or provider panel will go a long way in determining your Program success. Keep your lines of communication open with your OPM contract specialist. Don't hesitate to call if you have any questions about the call letter or the material enclosed in this letter.

Sincerely,

Robert F. Danbeck
Associate Director
for Human Resources Products and Services

Enclosures