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# FEHB Program Carrier Letter

## Health Maintenance Organizations (New)

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

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**Letter No. 2002-16 (b)**

**Date:** April 18, 2002

Fee-for-service [ 14 ]    Experience-rated HMO { 14 }    Community-rated HMO [ 13 ]

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**SUBJECT:**    Technical Guidance and Instructions for Submitting 2003 HMO  
Benefit and Service Area Proposals for New HMOs

This provides technical guidance and instructions for submitting your benefit and service area proposals for the contract term from January 1 through December 31, 2003. Please also refer to our policy guidance in our *Call Letter for Contract Year 2003 issued April 16, 2002 (Carrier Letter 2002-14)*. This letter has three parts:

- Part One - Preparing Your Benefit Proposal
- Part Two - Changes in Service Area Since You Applied to the FEHB Program
- Part Three - Benefit Requirements for Newly-Approved HMOs

Your proposal for benefits and service area changes is due no later than **May 31, 2002**. Benefit policies from prior years remain in effect. See Part Three of this letter for details. Your proposal should include the corresponding language for the brochure. You do not need to send your fully completed 2003 brochure by May 31, only brochure language to describe your proposed benefits. Your OPM contract specialist will negotiate your 2003 benefits and finalize the offering in a closeout letter. Within five business days following the receipt of the benefits closeout letter, please send an electronic version of your fully completed 2003 brochure to your contract specialist.

Along with your brochure text file, we will send you printing specifications for your brochure, electronic graphics, and the OPM authorization block for the cover. In August, we will send you a brochure quantity form, shipping labels, and related open season instructions.

We sent rate instructions in Carrier Letter 2002-13 for experience-rated plans. The rate instructions for community-rated plans are forthcoming. 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.

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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 benefits 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,

A handwritten signature in black ink that reads "Abby L. Block". The signature is written in a cursive style with a long horizontal line extending to the right.

Abby L. Block  
Assistant Director  
for Insurance Programs

Enclosures

(New HMOs)