
FEHB Program Carrier Letter

All Carriers

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

Letter No. 2006-28

Date: November 28, 2006

Fee-for-service [24] Experience-rated HMO [25] Community-rated HMO [23]

SUBJECT: Federal Acquisition Regulation (FAR) Changes that Impact Federal Employees Health Benefit Program (FEHBP) Carrier Contracts

On September 28, 2006, the General Services Administration published a final regulation at 71 FR 57363 that adjusts certain acquisition related thresholds for inflation. These new thresholds impact the Federal Acquisition Regulations (FAR), the Federal Employees Health Benefits Acquisition Regulations (FEHBAR) and Federal Employee Health Benefits Program (FEHBP) carrier contracts. The regulation can be found at:

<http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/pdf/06-8206.pdf>

The FAR 15.403-4, Truth in Negotiations Act cost and pricing data threshold has increased from \$550,000 to \$650,000. These changes are incorporated by reference into the following FEHBAR clauses:

- 1615.402 Pricing policy.
- 1615.407-1 Rate reduction for defective pricing or defective cost or pricing data.
- 1615.70--Audit and Records—Negotiation.
- 1644.170 Policy for FEHBP subcontracting.
- 1652.204-70 Contractor Records Retention.
- 1652.215-70 Rate Reduction for Defective Pricing or Defective Cost or Pricing Data.
- 1652.222-70 Notice of Significant Events.
- 1652.244-70 Subcontracts.

The regulation also updates a variety of thresholds in certain FAR contract clauses that are included in FEHBP carrier contracts. We will amend your carrier contracts for 2008 to include the following "SEP 2006" up-dated FAR clauses:

- FAR 52.209-6 Protecting the Government's Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment
- FAR 52.222-35 Equal Opportunity for Special Disabled Veterans, and Other Eligible Veterans
- FAR 52.222-37 Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans
- FAR 52.244-6 Subcontracts for Commercial Items

Please review all the FAR changes to see how the new thresholds impact your carrier contract.

These threshold changes apply to all new contract actions including renewals and modifications effective on or after September 28, 2006.

Sincerely,

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