

1615.804-71

1615.802(c)(3) shall submit the Certificate to OPM along with its rate reconciliation, which is submitted during the first quarter of the applicable contract year.

CERTIFICATE OF ACCURATE COST OR PRICING DATA FOR COMMUNITY RATED CARRIERS

This is to certify that, to the best of my knowledge and belief: (1) The cost or pricing data submitted (or, if not submitted, maintained and identified by the carrier as supporting documentation) to the Contracting Officer or the Contracting Officer's representative or designee, in support of the

* FEHBP rates were developed in accordance with the requirements of 48 CFR Chapter 16 and the FEHBP contract and are accurate, complete, and current as of the date this certificate is executed; and (2) the methodology used to determine the FEHBP rates is consistent with the methodology used to determine the rates for the carrier's Similarly Sized Subscriber Groups.

Firm: _____
Name: _____
Signature: _____
Date of Execution: _____

*Insert the year for which the rates apply. Normally, this will be the year for which the rates are being reconciled.

(End of Certificate)

[62 FR 47575, Sept. 10, 1997]

1615.804-71 [Reserved]

1615.804-72 Rate reduction for defective pricing or defective cost or pricing data.

The clause set forth in section 1652.215-70 shall be inserted in FEHBP contracts for \$500,000 or more that are based on a combination of cost and price analysis (community rated).

[62 FR 47575, Sept. 10, 1997]

1615.805-70 Carrier investment of FEHB funds.

(a) This paragraph does not apply to contracts based on a combination of cost and price analysis (community rated).

(b) The carrier is required to invest and reinvest all funds on hand, including any attributable to the special reserve or the reserve for incurred but unpaid claims, exceeding the funds needed to discharge promptly the obligations incurred under the contract.

(c) The carrier is required to credit income earned from its investment of

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FEHB funds to the special reserve on behalf of the FEHB Program. If a carrier fails to invest excess FEHB funds or to credit any income due the contract, for whatever reason, it shall return or credit any investment income lost to OPM or the special reserve.

(d) *Investment income.* Investment income is the net amount earned by the carrier after deducting investment expenses.

[52 FR 16040, May 1, 1987, as amended at 55 FR 27415, July 2, 1990; 62 FR 47575, Sept. 10, 1997]

1615.805-71 Investment income clause.

The clause set forth in 1652.215-71 shall be inserted in all contracts based on cost analysis.

Subpart 1615.9—Profit

1615.902 Policy.

(a) OPM will determine the profit or fee prenegotiation objective (service charge) portion of FEHBP contracts by use of a weighted guidelines structured approach when the pricing of such contracts is determined by cost analysis. The service charge so determined shall be the *total* service charge that may be negotiated for the contract and shall encompass any service charge (whether entitled service charge, profit, fee, contribution to reserves or surpluses, or any other title) that may have been negotiated by the prime contractor with any subcontractor or underwriter.

(b) OPM will not guarantee a minimum service charge.

1615.905 Profit analysis factors.

(a) OPM contracting officers will apply a weighted guidelines method in developing the service charge prenegotiation objective for FEHBP contracts. The following factors as defined in FAR 15.905-1 will be applied to projected incurred claims and allowable administrative expenses:

(1) *Contractor performance.* OPM will consider such elements as the accurate and timely processing of benefit claims and the volume and validity of disputed claims as measures of economical and efficient contract performance. This factor will be judged apart from the contractor's *basic* responsibility for