carrier for the purpose of providing, arranging for, delivering, paying for, or reimbursing any of the costs of health care services.


1602.170–10 Letter of credit.

Letter of credit means the method by which certain carriers, and their underwriters if authorized, receive recurring premium payments and contingency reserve payments by drawing against a commitment (certified by a responsible OPM official) which specifies a dollar amount available. For each carrier participating in the letter of credit arrangement for payment under this part, the terms “carrier reserves,” and “special reserves” include any balance in the carrier’s letter of credit account.


1602.170–11 Negotiated benefits contracts.

Negotiated benefits contracts are FEHBP contracts in which benefits provided and subscription income are based on either community rating or experience rating.


1602.170–12 OPM.

OPM means the Office of Personnel Management.


1602.170–13 Similarly sized subscriber groups.

(a) Similarly sized subscriber groups (SSSGs) are a comprehensive medical plan carrier’s two employer groups that:
   (1) As of the date specified by OPM in the rate instructions, have a subscriber enrollment closest to the FEHBP subscriber enrollment; and,
   (2) Use any rating method other than retrospective experience rating; and,
   (3) Meet the criteria specified in the rate instructions issued by OPM.

(b) Any group with which an FEHB carrier enters into an agreement to provide health care services is a potential SSSG (including separate lines of business, government entities, groups that have multi-year contracts, and groups having point-of-service products).

(c) Exceptions to the general rule stated in paragraph (b) of this section are (and the following groups must be excluded from SSSG consideration):
   (1) Groups the carrier rates by the method of retrospective experience rating;
   (2) Groups consisting of the carrier’s own employees;
   (3) Medicaid groups, Medicare groups, and groups that have only a stand alone benefit (such as dental only);
   (4) A purchasing alliance whose rate-setting is mandated by the State or local government.

(d) OPM shall determine the FEHBP rate by selecting the lower of the two rates derived by using rating methods consistent with those used to derive the SSSG rates.


1602.170–14 Subcontractor.

Subcontractor means any supplier, distributor, vendor, or firm that furnishes supplies or services to or for a prime contractor or another subcontractor, except for providers of direct medical services or supplies pursuant to the Carrier’s health benefits plan.