

# 1615.404-70 Profit analysis factors.

(a) OPM Contracting Officers will apply a weighted guidelines method in developing the performance based percentage for FEHB Program contracts. For experience-rated plans, the performance based percentage will be applied to projected incurred claims and allowable administrative expenses. For community-rated plans, the performance based percentage will be applied to subscription income and will be used to calculate a performance adjustment to net-to-carrier premiums, as described at 48 CFR 1632.170(a)(2), to be made during the first quarter of the following contract period. In the context of the factors outlined in FAR 15.404- 4(d), OPM will assess performance of FEHB carriers according to four factors.

(1) *Clinical quality*. OPM will consider elements within such domains as preventive care, chronic disease management, medication use, and behavioral health. This factor incorporates elements from the FAR factor “contractor effort.”

(2) *Customer service*. OPM will consider elements within such domains as communication, access, claims, and member experience/engagement. This factor incorporates elements of the FAR factor “contractor effort.”

(3) *Resource use*. OPM will consider elements within such domains as utilization management, administrative, and cost trends. This factor incorporates elements of the FAR factors “contractor effort,” “contract cost risk,” and “cost control and other past accomplishments.”

(4) *Contract oversight*. OPM will consider an assessment of contract performance in specific areas such as audit findings, fraud/waste/abuse, and responsiveness to OPM, benefits/network management, contract compliance, technology management, data security, and Federal socioeconomic programs. This factor could incorporate any of the FAR profit analysis factors listed at 15.404-4(d)(1)(i)–(vi).

(b) The sum of the maximum scores for the profit analysis factors will be 1 percent.

**Parent topic:** [Subpart 1615.4—Contract Pricing](#)