

assessed by considering the quality of the contractor's policies and procedures and the extent of unusual effort or achievement demonstrated. Evidence of effective support of Federal socioeconomic programs will receive a positive weight; poor support will receive a negative weight.

(4) *Capital investments.* This factor is generally not applicable to FEHB Program contracts because facilities capital cost of money may be an allowable administrative expense. Generally, this factor shall be given a weight of zero. However, special purpose facilities or investment costs of direct benefit to the FEHB Program that are not recoverable as allowable or allocable administrative expenses may be taken into account in assigning a positive weight.

(5) *Cost control.* OPM will consider contractor-initiated efforts such as improved benefit design, cost-sharing features, innovative peer review, or other professional cost containment efforts as a factor in negotiating profit. OPM shall use this factor to reward contractors with additional profit opportunities for self-initiated efforts to control contract costs.

(6) *Independent development.* OPM will consider any profit opportunities that may be directly related to relevant independent efforts such as the development of a unique and enhanced customer support system that is of demonstrated value to the FEHB Program and for which developmental costs have not been recovered directly or indirectly through allowable administrative expenses. OPM will use this factor to provide additional profit opportunities based upon an assessment of the contractor's investment and risk in developing techniques, methods, and practices having viability to the program at large. OPM will not consider improvements and innovations recognized and rewarded under any of the other profit factors.

(b) The weight ranges for each factor to be used in the weighted guidelines approach are set forth as follows:

Profit factor	Weight ranges (percent)
1. Contractor performance.	-.2 to +.45
2. Contract cost risk*.	+.02 to +.2
3. Federal socioeconomic programs.	-.05 to +.05
4. Capital investments.	0 to +.02
5. Cost control	0 to +.35

Profit factor	Weight ranges (percent)
6. Independent development.	0 to +.03

*The contract cost risk factor is subdivided into two parts: group size (.02 to .10) and other risk elements (0 to .10). With respect to the group size element, subweights should be assigned as follows:

Enrollment	Weight (percent)
10,000 or less06 to .10
10,001–50,00005 to .09
50,001–200,000	.04 to .07
200,001–500,000	.03 to .06
500,001 and over	.02 to .04

1615.406–2 Certificate of accurate cost or pricing data for community rated carriers.

The contracting officer shall require a carrier with a contract meeting the requirements in 1615.402(c)(2) or 1615.402(c)(3) to execute the Certificate of Accurate Cost or Pricing Data contained in this section. A carrier with a contract meeting the requirements in 1615.402(c)(2) shall complete the Certificate and keep it on file at the carrier's place of business in accordance with 1652.204–70. A carrier with a contract meeting the requirements in 1615.402(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 _____ * FEHB Program rates were developed in accordance with the requirements of 48 CFR Chapter 16 and the FEHB Program contract and are accurate, complete, and current as of the date this certificate is executed; and (2) the methodology used to determine the FEHB Program 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)

1615.407–1 Rate reduction for defective pricing or defective cost or pricing data.

The clause set forth in section 1652.215–70 shall be inserted in FEHB Program contracts, at or above the

threshold in FAR 15.403–4(a)(1), that are based on a combination of cost and price analysis (community rated).

1615.470 Carrier investment of FEHB funds.

(a) Except for contracts based on a combination of cost and price analysis (community rated), 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.

(b) The carrier is required to credit income earned from its investment of FEHB funds to the special reserve on behalf of the FEHB Program. If a carrier, for any reason, fails to invest excess FEHB funds or to credit any income due to the contract, it shall return or credit any investment income lost to OPM or the special reserve.

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

1615.470–1 Investment income clause.

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

Subpart 1615.8 [Reserved]

12. Subpart 1615.8 is removed and reserved.

Subpart 1615.9 [Reserved]

13. Subpart 1615.9 is removed and reserved.

Subpart 1615.70—Audit and Records—Negotiation

14. Section 1615.7001 is added to read as follows:

1615.7001 Audit and records.

The Contracting Officer shall modify 52.215–2 in all FEHB Program experience rated contracts by amending paragraph (g) of that section to replace the words "exceed the simplified acquisition threshold" with "equals or exceeds \$550,000."

SUBCHAPTER E—GENERAL CONTRACTING REQUIREMENTS

PART 1631—CONTRACT COST PRINCIPLES AND PROCEDURES

Subpart 1631.2—Contracts With Commercial Organizations

15. A new 1631.205–81, is added to read as follows: