



USAID
FROM THE AMERICAN PEOPLE

Acquisition & Assistance Policy Directive (AAPD)

From the Director, Office of Acquisition & Assistance Issued: January 08, 2010

AAPD 10-01

PERSONAL SERVICES CONTRACTS -- CHANGES IN USG REIMBURSEMENT AMOUNTS FOR HEALTH INSURANCE AND PHYSICAL EXAMINATION COSTS

Subject Category: Personal Services Contracts
Type: Policy

AAPDs provide information of significance to all agency personnel and partners involved in the Acquisition and Assistance process. Information includes (but is not limited to): advance notification of changes in acquisition or assistance regulations; reminders; procedures; and general information. Also, AAPDs may be used to implement new requirements on short-notice, pending formal amendment of acquisition or assistance regulations.

AAPDs are EFFECTIVE AS OF THE ISSUED DATE unless otherwise noted in the guidance below; the directives remain in effect until this office issues a notice of cancellation.

This AAPD: Is New Replaces/ Amends CIB/AAPD No: 05-08

<p>Applicable to:</p> <p><input checked="" type="checkbox"/> Existing awards; <input checked="" type="checkbox"/> Modification required</p> <p><input checked="" type="checkbox"/> No later than immediately</p> <p><input type="checkbox"/> As noted in guidance below</p> <p><input type="checkbox"/> RFPs/RFAs issued on or after the effective date of this AAPD; all other Pending Awards, i.e., 8(a), sole source, IQC</p> <p><input type="checkbox"/> Other or N/A</p>	<p>Precedes change to:</p> <p><input checked="" type="checkbox"/> AIDAR Part(s) Appendix D USAID Automated Directives System (ADS)</p> <p><input type="checkbox"/> Code of Federal Regulations</p> <p><input type="checkbox"/> Other</p> <p><input type="checkbox"/> No change to regulations</p>
---	---

(signature on file)

Maureen A. Shauket

PURPOSE: The purpose of the AAPD is threefold. It changes:

- 1) The percentage of USAID's contribution towards the actual cost of a PSC's annual health insurance,
- 2) The maximum annual contribution amounts that USAID will contribute towards the actual cost of a PSC's annual health insurance, and
- 3) The reimbursement rate for PSCs and their dependents for the cost of basic physical examinations when required under the terms of the contract.

ACTION REQUIRED: Contracting Officers are required to modify existing USPSC contracts to include the new percentage and maximum contribution amount for health insurance reimbursement and to include the new policy for USAID's contribution towards the cost of required physical exams, as described more fully in the Guidance section below. New USPSC contracts awarded in the first full pay period after the effective date of this AAPD must include the new reimbursement rate for a PSC and dependents for the cost of required basic physicals. Contracting Officers are also asked to make their respective Controller and Program Offices aware of the changes and increase in funding that may be needed.

BACKGROUND: The Foreign Assistance Act of 1961, as amended, (FAA) prohibits the participation of PSCs in any program administered by the Office of Personnel Management (OPM). Among those programs is the Federal Employees Health Benefit Program (FEHBP). Because of this restriction, USAID established as a matter of Agency policy that it will make a contribution towards the actual costs incurred by a PSC for health insurance. The policy established a fixed percentage of reimbursement--50%--of the actual costs, or the maximum contribution paid by the United States Government to its direct-hire employees, whichever was less. Section 4, "Policy", of Appendix D of the USAID Acquisition Regulation (AIDAR) contains the policy establishing the Agency contribution threshold. However, OPM no longer establishes a maximum USG contribution for direct-hire employees in the same manner it did in the past, so using this amount as a maximum is no longer feasible.

USAID also restricted the amount of reimbursement a PSC would receive for the cost of the required basic physicals for the PSC and dependents. General Provision 3 in Appendix D Section 12 contains the amount of reimbursement, depending upon the age of the individual.

GUIDANCE: This AAPD implements a class deviation that affects several sections of AIDAR Appendix D and makes the changes described in the Purpose section above. The changes and affected sections in Appendix D are as follows:

- 1) USAID will contribute 72% towards the actual cost of a PSC's health insurance costs or the applicable maximum annual contribution amount noted below, whichever is less. See the attachment for revised text for Appendix D, Section 4. Policy, paragraph (c)(2)(ii) and Section 12. General Provision 9 "Insurance" paragraph (b).

2) Until further notice, the new USAID maximum annual contribution amounts for health insurance are:

For Contractor Only--not to exceed \$7,266.00

For Contractor with Family--not to exceed \$20,339.00

M/OAA will review the amount for the maximum annual contribution periodically but no more frequently than annually. M/OAA will announce any adjustments to these amounts through an AAPD.

3) USAID's contribution towards the cost of required medical examinations per General Provision 3 is now half the actual cost with no monetary cap. Appendix D, Section 12, General Provision 3 "Physical Fitness and Health Room Privileges" paragraph (b) is deleted in its entirety and replaced with the following:

"(b) As a contribution to the cost of medical examinations required by paragraph (a) of this clause, the contractor will be reimbursed in an amount not to exceed half of the actual cost of the required basic examinations plus reimbursement of charges for immunizations. The reimbursement of half of the actual costs of the required basic examinations will be made after deducting any reimbursement the contractor receives for such examinations from the contractor's insurance company."

4) This AAPD remains in effect unless cancelled or superseded.

This AAPD is effective on issuance and applies beginning with the first full pay period after January 1, 2010.

Attachment 1: Revised AIDAR Appendix D, Section 4(c)(2)(ii) and Section 12, General Provision 9 paragraph (b).

POINT OF CONTACT: Questions about this AAPD may be directed to Jacqueline L. Taylor, M/OAA/P, at (202) 712-0492 or jltaylor@usaid.gov.

ATTACHMENT 1

Revisions to AIDAR APPENDIX D, pursuant to Class Deviation OAA-DEV-09-2c

Only the paragraphs marked with an asterisk in the sections specified below are revised. Other sections and paragraphs in Appendix D remain unchanged.

Section 4. POLICY.

(c)(2) (ii) A contribution against the actual cost of the PSC's annual health and life insurance costs. Proof of health and life insurance coverage and its actual cost to the PSC shall be submitted to the Contracting Officer before any contribution is made. (See also paragraph 4(c)(3) of this Appendix.)

* (A) The contribution for health insurance shall not exceed 72% of the actual cost to the PSC for his/her annual health insurance, or the maximum U.S. Government contribution announced periodically by USAID's Office of Acquisition and Assistance, whichever is less. If the PSC is covered under a spouse's health insurance plan, where the spouse's employer pays some or all of the health insurance costs, the cost to the PSC for annual health insurance shall be considered to be zero.

(B) The contribution for life insurance shall be up to 50% of the actual annual costs to the PSC for life insurance, not to exceed \$500.00 per year.

Section 12. GENERAL PROVISIONS

GP 9. INSURANCE (Dec 2009)

(a) Worker's Compensation Benefits. The contractor shall be provided worker's compensation benefits in accordance with the Federal Employees' Compensation Act.

(b) Health and Life Insurance.

* (1) The contractor shall be provided a maximum contribution of up to 72% against the actual costs of the contractor's annual health insurance costs, provided that such costs may not exceed the maximum U.S. Government contribution as announced periodically by USAID's Office of Acquisition and Assistance.

(2) The contractor shall be provided a contribution of up to 50% against the actual costs of annual life insurance not to exceed \$500.00 per year.

(3) Retired U.S. Government employees shall not be paid additional contributions for health or life insurance under their contracts. The Government will normally have already paid its contribution for the retiree unless the employee can prove to the satisfaction of the Contracting Officer that his/her health and life insurance does not provide or specifically

excludes coverage overseas. In such case, the contractor would be eligible for contributions under paragraphs (b)(1) or (2) as appropriate.

- (4) Proof of health and life insurance coverage shall be submitted to the Contracting Officer before any contribution is paid. On assignments of less than one year, costs for health and life insurance shall be prorated and paid accordingly.
 - (5) A contractor who is a spouse of a current or retired Civil Service, Foreign Service, or Military Service member and who is covered by their spouse's Government health or life insurance policy is ineligible for the contribution under paragraphs (b)(1) or (b)(2) of this provision.
- (c) Insurance on Private Automobiles. If the contractor or his/her dependents transport, or cause to be transported, privately owned automobile(s) to the Cooperating Country, or any of them purchase an automobile within the Cooperating Country, the contractor agrees to ensure that all such automobile(s) during such ownership within the Cooperating Country will be covered by a current, i.e., not in arrears, insurance policy issued by a reliable company providing the following minimum coverage, or such other minimum coverage as may be set by the Mission Director, payable in U.S. dollars or its equivalent in the currency of the Cooperating Country: injury to persons, \$10,000/\$20,000; property damage, \$5,000. The contractor further agrees to deliver, or cause to be delivered to the Mission Director, the insurance policies required by this clause or satisfactory proof of the existence thereof, before such automobile(s) operated within the Cooperating Country. The premium costs for such insurance shall not be a reimbursable cost under this contract.