

ACQUISITION LETTER

AUTHORITY

This Acquisition Letter (AL) is issued by the Director, Office of Procurement, Assistance and Program Management, pursuant to a delegation from the Secretary and under the authority of the Department of Energy Acquisition Regulation (DEAR) Subpart 901.301-70.

CONTENTS

CITATION TITLE

DEAR 970.3102-2 Compensation for personal services

DEAR 970.3102-2(i) Severance Pay Plans

I. Purpose. The purpose of this Acquisition Letter is to:
(1) clarify the Department of Energy (DOE) position on the Displaced Workers Benefits Program; (2) establish guidelines with respect to Head of Contracting Activity responsibility for implementation of medical benefits programs for displaced workers as approved by the Secretary of Energy, July 29, 1992; and (3) assure that contractors managing and operating DOE defense nuclear facilities implement this program for displaced workers.

II. Background. The Secretary of Energy, in response to an anticipated downsizing in defense related activities, established a task force to develop a program that allows displaced workers continued access to medical insurance. The task force submitted a recommendation to the Secretary for a program that provides for a continuation of medical benefits for displaced workers under the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). On July 29, 1992, the Secretary approved the task force recommendation for the Displaced Workers Benefit Program. The Report to the Secretary dated August 1992, outlining the provisions of the program was submitted by the task force, and a memorandum with a copy of the Report was distributed to DOE Field Offices.

III. Guidance.

A. It is the policy of the DOE to assure that contractors managing and operating the DOE defense facilities implement

Medical Benefits Programs for Displaced Workers as described in the August 1992 Report. This ensures that employees involuntarily separated due to a downsizing action are not denied access to medical care benefits.

In order to qualify for benefits under the approved Medical Benefits Program for Displaced Workers, a displaced worker must have been:

- (1) on the employment roll of a DOE management and operating (M&O) contractor to perform work (including service work) for a DOE facility on September 27, 1991;
- (2) involuntarily separated after September 27, 1991, from the employment of a DOE M&O contractor performing work (including service work) for a DOE facility as a result of a downsizing action;
- (3) eligible for medical insurance coverage under an M&O contractor's plan at the time of separation from employment; and,
- (4) not eligible for coverage under another employer's group health plan or under Medicare since the time of separation.

B. The Office of Contractor Human Resource Management shall provide guidance to contracting officers and assist DOE officials responsible for management of activities of the M&O contractor concerning DOE policies, requirements, and guidelines for the Medical Benefits Programs for Displaced Workers.

C. The Head of Contracting Activity will:

- (1) assure that M&O contractors follow the policy and requirements of the Medical Benefits Program for Displaced Workers approved by the Secretary of Energy on July 29, 1992, and detailed in the August 1992 Report;
- (2) negotiate advance understandings on allowable costs for the Medical Benefits Programs for Displaced Workers; and,
- (3) approve reasonable costs of the M&O contractor for implementation of the Medical Benefits Programs for Displaced Workers.

IV. Effective Date. This AL is effective on the date of its release.

V. Expiration Date. This AL will remain in effect until its content is incorporated, as appropriate, in regulatory or directive coverage, unless otherwise superseded or canceled.