

Argonne National Laboratory Prime Contract**Appendix A: Personnel Appendix***Last revised: September 29, 1999**Modified by: Mnnn***VI. EMPLOYEE BENEFITS**

The Laboratory shall develop and implement welfare benefit programs that meet the tests of allowability and reasonableness established by Federal Acquisition Regulations 31.205-6 and Department of Energy Acquisition Regulations 970.3102-2, Compensation For Personal Services.

A. Benefit Programs Value Study

The Laboratory shall submit to the Contracting Officer for approval before September 30, 2000, and every other year thereafter an evaluation of its Benefit Programs using a professionally recognized value study to measure and compare Laboratory benefit programs to other mutually agreed upon "comparator" organizations.

Contracting Officer approval of individual benefit plan changes shall not be necessary if the Laboratory conducts a Value Study every other year which results in a net benefit value of no more than 5 percent above the comparator organizations. Should major benefit changes be proposed in an 'off-cycle' year, the Lab shall either volunteer to participate in the value study and stay within the range of acceptability or submit the changes to DOE for approval prior to implementation. A "major benefit change" is defined as a change in the Contractor's benefit program plan design, eligibility, or cost structure equal to or greater than 2% of the previous year's benefit expenditures.

If the net benefit value is greater than 5 percent above the comparator organizations, the Laboratory shall submit to the Contracting Officer a corrective action plan to achieve conformance with the range of acceptability, unless otherwise justified in writing and approved by the Contracting Officer. The plan shall include specific benefit plan changes and a timetable for implementation and shall be approved by the Contracting Officer. The justification must: (a) demonstrate the effect of the plan changes on the net benefit value, (b) provide the dollar estimate of savings or costs, and (c) provide the basis of determining the estimated savings or cost.

Any methodology changes subsequent to the first Value Study shall be approved by the Contracting Officer, regardless of Contractor transition.

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The Value Study shall meet the following requirements:

The Contractor shall determine a list of no less than 15 participants to be a part of the study. The Contracting Officer shall approve the list prior to the performance of the study.

The Value Study shall include major non-statutory benefit plans offered by the Contractor, including qualified defined benefit and defined contribution retirement and capital accumulation plans, and death, disability, health, and paid time-off welfare benefit programs.

The Value Study must be performed by a national consulting firm with expertise in benefit value studies.

To the extent the value study does not address post-retirement benefit programs, the Laboratory shall provide separate cost and plan design data on post-retirement benefits other than pensions compared to external benchmarks of a nationally recognized survey source at least once every three years.

C. Workers' Compensation

The Laboratory shall submit to the Contracting Officer for approval all new workers' compensation policies and all initial proposals for self-insurance. The Laboratory shall provide copies to the Contracting Officer of all renewal policies for workers' compensation.

The Laboratory shall have a claims management program that establishes specific guidelines and practices, and ensures:

The Laboratory shall perform a regular review of its workers' compensation program and provide the Contracting Officer with annual status reports on all claims reserves over \$25,000, as well as reserves established on all new claims.

The Laboratory shall conduct an annual review of all claims over \$25,000 in reserves and claims over 2 years old, regardless of reserve amount.

The Laboratory shall establish reserves on all open claims at the end of each policy year but prior to the valuation of claims for the interim premium adjustment report to determine their appropriateness.

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The Laboratory shall ensure that all its programs contain provisions for reviewing and conducting medical cost containment programs, such as managed care networks where allowed by statutes.

The Laboratory conducts a sample claims review of open and closed claims during the first 3 years of a contract period for both active and canceled policies with existing claims activity and files a written report to the Contracting Officer.

The Laboratory shall review and verify the accuracy of interim premium adjustment reports and make payment of adjusted premium or request a credit from carrier.

In addition, the Laboratory shall ensure that workers' compensation insurance policies contain the following provisions:

A provision that excludes any claim on the part of the insurance company to be subrogated on payment of loss or otherwise to any claim against the United States.

A provision that, in the event of cancellation or non-renewal by the insurance company, 60 days advance notice shall be given to the Contractor and the Contracting Officer.

A provision limiting the insurance company's right of inspection of the Contractor's records and premises as necessary to comply with DOE's security requirements.

A provision for the right of assignment of the policy to DOE, with payment of all return premiums, premium refunds dividends, or other moneys due or to become due, to be payable to the Government.

Employer's liability coverage, except in cases where the Contractor has an acceptable self-insurance program.

Workers' compensation and employer's liability coverage for its employees in those states that allow statutory immunity for certain types of employers (e.g., nonprofit educational institutions).

A Voluntary Compensation Endorsement (if not automatically provided) that allows for coverage of employees or volunteers who would not otherwise be covered for accidental injury (e.g., employees participating in an athletic event or volunteers at the work site). An additional amendment is necessary to extend Voluntary Compensation Coverage to occupational disease.

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Workers' compensation loss income benefit payments, when supplemented by other programs (such as salary continuation, short-term disability) are to be administered so that total benefit payments from all sources shall not exceed 100 percent of the employee's net pay. This provision will be phased in within the first two years of the contract. This two year requirement will not apply to union employees until negotiated into collective bargaining agreements.

Workers' compensation settlement claims up to \$100,000 may be settled without DOE Contracting Officer approval. Claims settlement proposals above that amount need be submitted to the Contracting Officer for approval.

D. Dependent Care Facilities

The Laboratory agrees that its dependent care benefit programs will meet both DOE and ANL employee needs and their respective management objectives based on valid dependent care needs and that the dependent care facility will not be located at a DOE nuclear weapons complex or other hazardous materials site.

In addition, the Laboratory agrees that support costs for labor, materials, and supplies expended for the operation of a dependent care facility shall not be allowable under any circumstances unless the facility is for the exclusive use of DOE and Laboratory employees and except for any expense items such as utilities, maintenance, food, medical services, or supplies already used in support of site operations and readily available. Such uses shall be approved by the Contracting Officer in advance.

Options for employees to finance support costs through Contractor employee welfare benefits programs such as flexible spending accounts are subject to the requirements of this chapter as it relates to welfare benefits.

For costs to be considered allowable, capital costs must be budgeted and accounted for in accordance with DOE requirements related to capital projects. Capital construction of a facility must be validated and approved by the Contracting Officer.

Any agreement between the Laboratory and a dependent care (program) provider must ensure that the Contractor and DOE are held harmless from liability. Property damage liability and bodily injury liability insurance policies must be retained by the dependent care (program) provider organization in an amount appropriate for services provided. The Laboratory and DOE must also be insured under these policies.

The Laboratory and dependent care (program) provider organizations must ensure that the provider organizations operate, maintain, and upgrade any proposed workplace dependent care

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facility in compliance with Federal, State, and local policies, regulations, and requirements for environment, safety and health.

E. Reduction In Unfunded Liability

The Contractor will identify, develop, and implement a program which will contain or reduce DOE's future unfunded liability for retiree health insurance.

Over the life of this contract, the Contractor will make no changes in retiree benefits which would reasonably be expected to increase the unfunded liability pursuant to Financial Accounting Standard Number 106 without the approval of the Contracting Officer.

F. Reports

The Contractor shall meet the reporting requirement for submission of the Report of Contractor Expenditures for Employee Supplementary Compensation.