



THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1200

Dec 31 1997

MEMORANDUM FOR: ASSISTANT SECRETARY OF THE ARMY (M&RA)
ASSISTANT SECRETARY OF THE NAVY (M&RA)
ASSISTANT SECRETARY OF THE AIR FORCE (MRAI&E)

SUBJECT: Implementation of Supplemental Care Program Policy Changes

Reference: a. [ASD\(HA\) Policy 96-00005](#), "Policy on Use of Supplemental Care Funds by the Military Departments," October 18, 1995
b. [ASD\(HA\) Policy 97-00031](#), "Policy for Supplemental Care Payments for Active Duty Members," February 27, 1997

In concert with the FY98 Defense Authorization Act, we are developing new program requirements and implementing significant policy changes to the Supplemental Care Program. These include:

1. Identifying active duty service members more than 50 miles from an MTF that are eligible for Remote Prime and CHAMPUS (interim).
2. Establishing CHAMPUS for remote assigned active duty service members on an interim basis.
3. Establishing TRICARE Prime for Remote Units.
4. Establishing new claims processing procedures of MTF referred supplemental care.
5. Establishing a tri-service Military Medical Support Office (MMSO).

Effective immediately we will begin to implement these significant changes to our Supplemental Care Program for active duty service members and other beneficiaries. Some of these changes are the result of the Resources Management Workgroup (Supplemental Care) efforts to improve supplemental care payment processing and program management. All MTF referred care will be processed by our managed care support (MCS) contractors as soon as our MCS contracts are modified.

Other changes are the result of section 731 of National Defense Authorization Act for Fiscal Year 1998, which requires modification to the Supplemental Care Program to provide medical care for members of the armed forces

comparable to the medical care coverage and access standards under the TRICARE Prime benefit. Pending full implementation of TRICARE in DoD Regions 1, 2, and 5, and implementation of TRICARE Prime Remote, some of the program changes are interim measures to provide a CHAMPUS benefit for active duty Service members who reside more than 50 miles (approximately a one hour drive) from an MTF. Additionally, these changes do not address overseas implementation.

1. Identification of Active Duty Service Members Eligible for Remote Prime TRICARE and CHAMPUS (Interim).

- a. In concert with implementing both TRICARE Prime Remote and the interim CHAMPUS benefit for active duty members, we are asking the Service Secretaries to identify remote located service members (more than 50 miles from an MTF) so that they can be correctly coded in DEERS as eligible for enrollment in TRICARE Prime Remote and CHAMPUS.
- b. Typically this will be accomplished by identifying unit identification codes of military activities located more than 50 miles from an MTF to which military personnel are assigned and not currently enrolled in TRICARE Prime. However, we will also need to identify Service members that are assigned to personnel management units that are within 50 miles of an MTF, but have personnel physically residing at a different geographic location that could make them eligible for TRICARE Remote Prime/CHAMPUS (e.g., a Service member is in a student status at a civilian institution, but assigned to a student detachment near an MTF).

2. New Procedures for Eligible Active Duty Service Members Not Near an MTF

- a. Section 731 of the National Defense Authorization Act for Fiscal Year 1998 prescribes immediate improvements in health care coverage and access for active duty members who do not live near an MTF. TRICARE Prime for Remote Units will satisfy this statutory requirement and provide an equitable benefit for all eligible service members. However, until TRICARE Prime Remote is fully implemented we must make some immediate changes to how we manage health care for active duty members more than 50 miles (approximately a one hour drive) from an MTF.
- b. **CHAMPUS for Active Duty Service Members.** Until TRICARE Prime for Remote Units is fully implemented, *as an interim solution for immediate implementation*, active duty service members will be permitted to receive care locally within the civilian community, similar to how a TRICARE Standard/CHAMPUS beneficiary accesses local civilian health care. Supplemental Care Program changes in the National Defense Authorization Act for Fiscal Year 1998 directed that service members (e.g., such as recruiters, full-time advisors to Reserve units, ROTC cadre, etc.) be permitted to use CHAMPUS if they **reside** more than 50 miles from an MTF or TRICARE Prime provider of the medical services needed. To meet this requirement, service members must be permitted access to local health care services. Specifically, the Services will not direct an eligible active duty service member to travel to an MTF or TRICARE Prime provider for routine care when it requires exceeding the TRICARE Prime standards for access, travel, or appointment waiting times. Service-established procedures for active duty member preauthorization and case management oversight in support of fitness for duty and other personnel management required actions continue to be permissible, but they may not interfere with the entitlement of these remote area member's CHAMPUS-type coverage during this interim period.
- c. Effective immediately, all active duty service members assigned to a remote area where TRICARE Prime Remote enrollment is not yet available are entitled to civilian health care under terms comparable to CHAMPUS (e.g., TRICARE Standard), except that deductibles and copayments are waived. For this

purpose, remote areas are areas more than 50 miles away from an MTF or TRICARE Prime network. This entitlement is temporary; it converts to TRICARE Prime enrollment upon implementation of TRICARE Prime in the remote area.

- d. Service members in remote areas using CHAMPUS will continue to forward their medical claims to their current claims processing activity (MTF or other Service activity) until regional MCS contractors are able to process active duty CHAMPUS and Remote Prime network and non-network medical claims. This is currently scheduled to be completed by May 1998 with CONUS-wide implementation of TRICARE and Prime Remote. There will continue to be no copay or deductible for active duty members. Until Prime Remote is in place there may continue to be circumstances where service members will have to provide payment up front and seek reimbursement. Service members should try to use Prime network and TRICARE Extra network providers who will submit claims on behalf of patients. Current claims payers should ensure that they are paying at MCS contractor negotiated rates or the CHAMPUS Maximum Allowable Charges rate, as applicable. Under no circumstance, however, should a service member be held financially responsible for approved health care services received. All claims processing is scheduled to transition to the MCS contractors by May 1998.
- e. **Access Standards for all Members.** Active duty service members will receive all of their primary care from either an armed forces hospital or outpatient clinic; a civilian TRICARE network provider; or a civilian non-network CHAMPUS provider if a TRICARE network provider is not available within the statutory access standards.
 1. Specialty care referrals will be screened by a central, tri-service office to maintain appropriate Service oversight of members' continued fitness for duty and to determine where specialty care will be provided.
 2. If a fitness for duty issue is not identified, specialty care will be provided by an MTF, a network provider, or a non-network provider in accordance with TRICARE access standards.
 3. We anticipate that all emergency inpatient admissions and newborn deliveries will occur in the active duty service member's local community except when the Service member prefers to go to an MTF.
 4. Non-emergent inpatient care, including outpatient medical surgical procedures, will be screened by a newly established centralized tri-service Military Support Office for fitness for duty issues.
 5. In the absence of a bona fide need to return the member to an MTF for care and oversight, the care should be approved for the local civilian community.
 6. In the event that a medical condition warrants a fitness for duty evaluation, a medical board, or other Service related administration situation, the member will be referred to the nearest MTF that is capable of providing the necessary care and duty determination. If necessary for such purposes, an MTF referral may be required even if it cannot be arranged within the Prime access standards.
 7. Even if it cannot be arranged within Prime access standards, an active duty service member may always obtain care in an MTF, if that is his or her preference.

3. **TRICARE Prime Remote.** TRICARE Prime Remote is being established for active duty service members who

can not routinely access an MTF for health care within the TRICARE Prime access and travel time standards. Currently this benefit is only offered in DoD Region 11. It is anticipated that TRICARE Prime Remote will be fully implemented in May 1998. By then, the MCS contracts for DoD Regions 1, 2, and 5 will be in place and existing MCS contracts will have been modified. Once TRICARE Prime Remote is established in a region, all medical/dental claims will be processed by the MCS contractor.

4. New procedures for all MTF Referred Care (Traditional Supplemental Care)

- a. Not later than 1 March 1998, the process for adjudicating and paying civilian medical claims for active duty and all other CHAMPUS-eligible beneficiaries, for medical care referred out of DoD MTFs, will be accomplished by the managed care support (MCS) contractors for all DoD regions except 1, 2, and 5 (which will begin 01 May 1998). This process continues the implementation of guidance provided in the 27 February 1997 memorandum on Policy for Supplemental Care Payments for Active Duty Members.
- b. All beneficiaries referred by an MTF for civilian care will be referred to network providers to the extent possible through a health care finder referral and in all cases referrals will meet Prime standards for travel, access, and waiting times. Using network providers assures that our referrals are to providers who meet our quality and utilization management standards, and have agreed to discounted fees that provide the government with the best value.
- c. Claims for MTF referred care will be processed by the MCS contractor using customary claims processing forms and procedures with copays described below. In the event that the referral is to a non-participating provider, the claim may be forwarded by the beneficiary.
- d. There is no copay or deductible for active duty service members referred for civilian care whether it is inpatient or outpatient.
- e. For other than active duty Service members, there will be no copays or deductibles for any beneficiary when referred for civilian care while in an inpatient status in the MTF. Prime copays will apply for outpatient MTF referrals for Prime enrollees. TRICARE Extra or Standard or Medicare applicable copay and deductibles will apply for all other TRICARE or Medicare eligible referrals. To the extent possible, health care finders will refer Medicare eligible beneficiaries to Medicare participating providers. TRICARE rules will apply to all TRICARE-eligible beneficiaries. Under this new concept, regional MCS contracts will be modified where TRICARE is in place. The MCS contractors will process health care claims for **all** beneficiaries when medical care is referred out from the MTFs in their region.
- f. The Services, and most importantly MTFs, must develop policies and procedures to explain and implement these changes in payment for purchase of civilian health care. Prior to implementation of changes (except for those changes statutorily required to be implemented immediately), a comprehensive education and training program must be in place to educate MTF and network providers, health benefits advisors, health care finders, and managed care support MCS contractors and patients. The Services will implement training not later than 1 February 1998.

5. Establishment of a Military Medical Support Office

- a. With increased TRICARE flexibility for active duty members and implementation of TRICARE Prime Remote, resulting in all health care claims being paid by MCS contractors, it is more important than ever that the Services have a means to identify and manage service member health care. When appropriate, the

Services must also provide preauthorization, coordinate management of civilian routine and emergency hospital admissions, and initiate or coordinate medical evaluation boards and other personnel related actions. This includes providing MCS health care finders with a single location to call for Service POC authorization for network care for remotely located service members when required IAW the uniform benefit.

- b. Effective 1 February 1998, a centralized tri-service active duty case management center will be established jointly by the Services. The active duty Service member health care oversight activity will be "Military Medical Support Office" (MMSO), Great Lakes, Illinois. Navy will serve as Executive Agent. The MMSO will be resourced as agreed upon by the Services.
- c. This MMSO will also be considered for future expansion overseas to provide world-wide management of health care including providing preauthorization and medical oversight, and standardization of overseas active duty claims processing.

In coordination with your medical financial program managers, funding was realigned from your medical budget into a central account at the TRICARE Support Office to support Phase I -- MTF referrals for Supplemental Health Care Claims. This program will be closely monitored during the course of the fiscal year. Adjustments necessary to ensure that adequate funding is available to support supplemental care claims will be coordinated with your financial managers. Phase II of the revised Supplemental Care program -- Regional Payments for Emergency Active Duty Claims and TRICARE Prime Remote and claims processing for the in-transit population -- will be implemented during FY98. The Services will coordinate transfer of funding to TSO as these additional programs are established.



Edward D. Martin, M.D.

Acting Assistant Secretary of Defense

cc:
Surgeon General of the Army
Surgeon General of the Navy
Surgeon General of the Air Force

HA Policy 98-006