



DEPARTMENT OF DEFENSE  
 WASHINGTON HEADQUARTERS SERVICES  
 1155 DEFENSE PENTAGON  
 WASHINGTON, DC 20301-1155



January 23, 1995

MEMORANDUM FOR ██████████ DTIC-OCC

SUBJECT: Change 7 to the Reprint of DoD 6010.8-R, dated October 21, 1994

The attached Change 7 to the Reprint of DoD 6010.8-R, "Civilian Health and Medical Program of the Uniformed Services (CHAMPUS)," July 1991, is provided to DTIC. The DTIC accession number for the Reprint of the Regulation and Changes 1-4 to the Reprint is ADA-268034. The DTIC accession number for Change 5 to the Reprint is ADA-274483. The DTIC accession number for Change 6 to the Reprint is ADA-283216.

For further information, please contact me at (703) 697-4111 or -4112.

**S** DTIC  
 ELECTE  
 MAR 07 1995  
**G D**

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OFFICE OF THE SECRETARY OF DEFENSE  
Assistant Secretary of Defense for Health Affairs

CHANGE NO. 7 *20AD-A268034*  
to July 1991, Reprint  
DoD 6010.8-R-*CHANGE-7*  
October 21, 1994

CIVILIAN HEALTH AND MEDICAL PROGRAM  
OF THE UNIFORMED SERVICES (CHAMPUS)

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The Assistant Secretary of Defense for Health Affairs has authorized the following changes to DoD 6010.8-R, "Civilian Health and Medical Program of the Uniformed Services (CHAMPUS)," July 1991 (Reprint).

PEN CHANGE

Change Transmittal No. 6, June 24, 1994, EFFECTIVE DATE, line 8. Change "May 22, 1995" to "May 22, 1994"

PAGE CHANGES

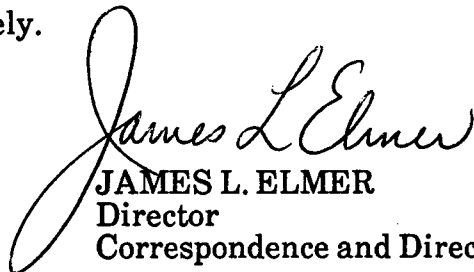
Remove: 4-vii&4-viii, 4-46&4-46a, 6-17&6-18, 10-7&10-8, 16-3

Insert: Attached replacement pages

Changes appear on pages 4-vii, 4-46, 6-17, 10-3, 10-7, and 16-3 and are indicated by marginal bars.

EFFECTIVE DATE

The above changes are effective immediately.

  
JAMES L. ELMER  
Director  
Correspondence and Directives

Attachments  
9 pages

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WHEN PRESCRIBED ACTION HAS BEEN TAKEN, THIS TRANSMITTAL SHOULD BE FILED WITH THE BASIC DOCUMENT

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5. Cost-Sharing under the Military-Civilian Health Services Partnership Program. Cost-sharing is dependent upon the type of partnership program entered into, whether external or internal. (See section P. of Chapter 1, for general requirements of the Military-Civilian Health Services Partnership Program.)

a. External Partnership Agreement. Authorized costs associated with the use of the civilian facility will be financed through CHAMPUS under the normal cost-sharing and reimbursement procedures applicable under CHAMPUS.

b. Internal Partnership Agreement. Beneficiary cost-share under internal agreements will be the same as charges prescribed for care in military treatment facilities.

6. [Reserved]

7. [Reserved]

8. Cost-sharing for services provided under special discount arrangements.

a. General rule. With respect to services determined by the Director, OCHAMPUS (or designee) to be covered by Chapter 14, section I., the Director, OCHAMPUS (or designee) has authority to establish, as an exception to the cost-sharing amount normally required pursuant to this chapter, a different cost-share amount that appropriately reflects the application of the statutory cost-share to the discount arrangement.

b. Specific applications. The following are examples of applications of the general rule; they are not all inclusive.

(1) In the case of services provided by individual health care professionals and other noninstitutional providers, the cost-share shall be the usual percentage of the CHAMPUS allowable charge determined under Chapter 14, section I.

(2) In the case of services provided by institutional providers normally paid on the basis of a pre-set amount (such as DRG-based amount under Chapter 14, section A.1. or per-diem amount under Chapter 14, section A.2.), if the discount rate is lower than the pre-set rate, the cost-share amount that would apply for a beneficiary other than an active duty dependent pursuant to the normal pre-set rate would be reduced by the same percentage by which the pre-set rate was reduced in setting the discount rate.

9. Waiver of deductible amounts or cost-sharing not allowed.

a. General rule. Because deductible amounts and cost sharing are statutorily mandated, except when specifically authorized by law (as determined by the Director, OCHAMPUS), a provider may not waive or forgive beneficiary liability for annual deductible amounts or inpatient or outpatient cost-sharing, as set forth in this chapter.

b. Exception for bad debts. This general rule is not violated in cases in which a provider has made all reasonable attempts to effect collection, without success, and determines in accordance with generally accepted fiscal management standards that the beneficiary liability in a particular case is an uncollectible bad debt.

c. Remedies for noncompliance. Potential remedies for noncompliance with this requirement include:

(1) A claim for services regarding which the provider has waived the beneficiary's liability may be disallowed in full, or, alternatively, the amount payable for such a claim may be reduced by the amount of the beneficiary liability waived.

NOTE: An infirmary in a boarding school also may qualify under this provision, subject to review and approval by the Director, OCHAMPUS, or a designee.

j. Other special institutional providers.

(1) General

(a) Care provided by certain special institutional providers (on either an inpatient or outpatient basis), may be cost-shared by CHAMPUS under specified circumstances and only if the provider is specifically identified in paragraph B.4.j. of this Chapter.

1 The course of treatment is prescribed by a doctor of medicine or osteopathy.

2 The patient is under the supervision of a physician during the entire course of the inpatient admission or the outpatient treatment.

3 The type and level of care and service rendered by the institution are otherwise authorized by this Regulation.

4 The facility meets all licensing or other certification requirements that are extant in the jurisdiction in which the facility is located geographically.

5 Is other than a nursing home, intermediate care facility, home for the aged, halfway house, or other similar institution.

6 Is accredited by the JCAHO or other CHAMPUS-approved accreditation organization, if an appropriate accreditation program for the given type of facility is available. As future accreditation programs are developed to cover emerging specialized treatment programs, such accreditation will be a prerequisite to coverage by CHAMPUS for services provided by such facilities.

(b) To ensure that CHAMPUS beneficiaries are provided quality care at a reasonable cost when treated by a special institutional provider, the Director, OCHAMPUS, may:

1 Require prior approval of all admissions to special institutional providers.

2 Set appropriate standards for special institutional providers in addition to or in the absence of JCAHO accreditation.

3 Monitor facility operations and treatment programs on a continuing basis and conduct onsite inspections on a scheduled and unscheduled basis.

4 Negotiate agreements of participation.

5 Terminate approval of a case when it is ascertained that a departure from the facts upon which the admission was based originally has occurred.

6 Declare a special institutional provider not eligible for CHAMPUS payment if that facility has been found to have engaged in fraudulent or deceptive practices.

(c) In general, the following disclaimers apply to treatment by special institutional providers:

1 Just because one period or episode of treatment by a facility has been covered by CHAMPUS may not be construed to mean that later episodes of care by the same or similar facility will be covered automatically.

2 The fact that one case has been authorized for treatment by a specific facility or similar type of facility may not be construed to mean that similar cases or later periods of treatment will be extended CHAMPUS benefits automatically.

(2) Types of providers. The following is a list of facilities that have been designated specifically as special institutional providers.

(a) Free-standing ambulatory surgical centers. Care provided by freestanding ambulatory surgical centers may be cost-shared by CHAMPUS under the following circumstances:

1 The treatment is prescribed and supervised by a physician.

2 The type and level of care and services rendered by the center are otherwise authorized by this Regulation.

3 The center meets all licensing or other certification requirements of the jurisdiction in which the facility is located.

4 The center is accredited by the JCAHO, the Accreditation Association for Ambulatory Health Care, Inc. (AAAHC), or such other standards as authorized by the Director, OCHAMPUS.

5 A childbirth procedure provided by a CHAMPUS-approved free-standing ambulatory surgical center shall not be cost-shared by CHAMPUS unless the surgical center is also a CHAMPUS-approved birthing center institutional provider as established by the birthing center provider certification requirement of this Regulation.



4. Notice of reconsideration determination. OCHAMPUSEUR, the CHAMPUS contractor, or the CHAMPUS peer review organization shall issue a written notice of the reconsideration determination to the appealing party at his or her last known address. The notice of the reconsideration determination must contain the following elements:

- a. A statement of the issue or issues under appeal.
- b. The provisions of law, regulation, policies, and guidelines that apply to the issue or issues under appeal.
- c. A discussion of the original and additional information that is relevant to the issue or issues under appeal.
- d. Whether the reconsideration upholds the initial determination or reverses it, in whole or in part, and the rationale for the action.
- e. A statement of the right to appeal further in any case when the reconsideration determination is less than fully favorable to the appealing party and the amount in dispute is \$50 or more.

5. Effect of reconsideration determination. The reconsideration determination is final if either of the following exist:

- a. The amount in dispute is less than \$50.
- b. Appeal rights have been offered, but a request for formal review is not received by OCHAMPUS within 60 days of the date of the notice of the reconsideration determination.

#### C. FORMAL REVIEW

Except as explained below, any party to an initial determination made by OCHAMPUS, or a reconsideration determination made by the CHAMPUS contractor may request a formal review by OCHAMPUS if the party is dissatisfied with the initial or reconsideration determination unless the initial or reconsideration determination (1) is final under paragraph (B)(5) above; (2) involves the sanctioning of a provider by the exclusion, suspension or termination of authorized provider status; (3) involves a written decision issued pursuant to Section 199.9, paragraph (h)(1)(iv)(A) regarding the temporary suspension of claims processing; or (4) involves a reconsideration determination by a CHAMPUS peer review organization. A hearing, but not a formal review level of appeal, may be available to a party to an initial determination involving the sanctioning of a provider or to a party to a written decision involving a temporary suspension of claims processing. A beneficiary (or an authorized representative of a beneficiary), but not a provider, may request a hearing, but not a formal review, of a reconsideration determination made by a CHAMPUS peer review organization.

##### 1. Requesting a formal review

- a. Written request required. The request must be in writing, shall state the specific matter in dispute, shall include copies of the written determination

(notice of reconsideration determination or OCHAMPUS initial determination) being appealed, and shall include any additional information or documents not submitted previously.

b. Where to file. The request shall be submitted to the Chief, Appeals and Hearings, OCHAMPUS, Aurora, Colorado 80045-6900.

c. Allowed time to file. The request shall be mailed within 60 days after the date of the notice of the reconsideration determination or OCHAMPUS initial determination being appealed.

d. Official filing date. A request for a formal review shall be deemed filed on the date it is mailed and postmarked. If the request does not have a postmark, it shall be deemed filed on the date received by OCHAMPUS.

2. The formal review process. The purpose of the formal review is to determine whether the initial determination or reconsideration determination was made in accordance with law, regulation, policies, and guidelines in effect at the time the care was provided or requested or at the time of the initial determination, reconsideration, or formal review decision involving a provider request for approval as an authorized CHAMPUS provider. The formal review is performed by the Chief, Appeals and Hearings, OCHAMPUS, or a designee, and is a thorough review of the case. The formal review determination shall be based on the information upon which the initial determination or reconsideration determination was based, and any additional information the appealing party may submit or OCHAMPUS may obtain.

3. Timeliness of formal review determination. The Chief, Appeals and Hearings, OCHAMPUS, or a designee, normally shall issue the formal review determination no later than 90 days from the date of receipt of the request for formal review by the OCHAMPUS.

4. Notice of formal review determination. The Chief, Appeals and Hearings, OCHAMPUS, or a designee, shall issue a written notice of the formal review determination to the appealing party at his or her last known address. The notice of the formal review determination must contain the following elements:

a. A statement of the issue or issues under appeal.

b. The provisions of law, regulation, policies, and guidelines that apply to the issue or issues under appeal.

c. A discussion of the original and additional information that is relevant to the issue or issues under appeal.

d. Whether the formal review upholds the prior determination or determinations or reverses the prior determination or determinations in whole or in part and the rationale for the action.

e. A statement of the right to request a hearing in any case when the formal review determination is less than fully favorable, the issue is appealable, and the amount in dispute is \$300 or more.

F. Authorities.

1. The Uniformed Services may establish additional procedures, consistent with this chapter, for the effective administration of the supplemental care program in their respective services.

2. The Assistant Secretary of Defense for Health Affairs is responsible for the overall policy direction of the supplemental care program and the administration of this chapter.

3. The Director, OCHAMPUS shall issue procedural requirements for the implementation of this Chapter, including the requirement for claims submission similar to those established by Chapter 7.