

CHAPTER 13  
SECTION 19.1

## VA CHANGES IN APPLICATION OF DEDUCTIBLES AND CATASTROPHIC CAP LIMITATIONS

Issue Date: March 29, 1991

Authority: Chapter 17, Title 38, Section 613, USC

---

### I. ISSUE

VA changes in application of deductibles and catastrophic cap limitations for processing of CHAMPVA claims.

### II. BACKGROUND

A. Chapter 17, Title 38, Section 613, United States Code, authorized the Administrator of Veterans Affairs to enter into an agreement with the Secretary of Defense for processing and payment of CHAMPVA claims in accordance with contracts established under Chapter 55, Title 10, Section 1806, United States Code. In an agreement (Memorandum of Understanding Between Veterans Affairs and Department of Defense) signed into effect on June 28, 1984, CHAMPVA deductibles, cost sharing and catastrophic cap limitations were established through statute [Chapter 55, Title 10, U.S.C., Section 1806(b)]. Under these governing provisions, deductibles and catastrophic cap limitations were applied in the fiscal year in which the services were actually rendered.

B. The Department of Veterans Affairs, through its Health Administration Center (HAC), is currently in the process of phasing in its own CHAMPVA claims processing/payment system over an 18-month period. Although the deductible and catastrophic cap limitations will still be based on the date the services were actually rendered, the VA system will be using a calendar year instead of a fiscal year for their application.

### III. POLICY

A. The contractors will continue to follow the standard CHAMPUS requirements for applying deductibles, cost shares and catastrophic cap limitations as specified in Chapter 13 for CHAMPVA claims for which they have jurisdictional responsibility.

B. The contractors will not accept deductible or catastrophic cap limitation information generated by the HAC.

C. Any adjustments required as a result of inconsistencies/differences in application of the deductible and catastrophic cap limitation (CHAMPUS vs. VA) will be responsibility of the VA since the HAC has access to CHAMPVA beneficiary processed claim history,

deductible and catastrophic cap files along with updated information on all contractor adjustments made to previously processed claims.

(Refer to **OPM Part Two, Chapter 1, Section IV.I.** for detailed instructions.)

#### IV. EFFECTIVE DATE

Effective January 1, 1994, the Department of Veterans Affairs, through HAC, became responsible for processing claims for CHAMPVA beneficiaries. This policy is no longer applicable, however is being retained for historical and audit purposes.

- END -