

COST-SHARES AND DEDUCTIBLES: TRICARE/CHAMPUS DRG-BASED PAYMENT SYSTEM

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I. ISSUE

What are the special cost-sharing provisions under the TRICARE/CHAMPUS DRG-based payment system?

II. POLICY

A. General. These special cost-sharing procedures apply only to claims paid under the TRICARE/CHAMPUS DRG-based payment system. For inpatient claims exempt from this system, the procedures in [Chapter 13, Section 11.1, paragraph IV.C.](#) are to be followed.

B. Cost-shares for family members of active duty members.

1. Except in the case of mental health services, family members of active duty members or their sponsors are responsible for the payment of the first \$25 of the allowable institutional costs incurred with each covered inpatient admission to a hospital or other authorized institutional provider, or the amount the beneficiary or sponsor would have been charged had the inpatient care been provided in a Uniformed Service hospital, whichever is greater.

2. Effective for care on or after October 1, 1995, the inpatient cost-sharing for mental health services is \$20 per day for each day of the inpatient admission.

C. Cost-Shares for Beneficiaries Other Than Family Members of Active Duty Members.

1. The cost-share will be the lesser of:

a. An amount based on a single, specific per diem amount which will not vary regardless of the DRG involved. The actual amount will be provided to contractors by TMA in September of each year.

(1) The per diem amount will be calculated as follows:

(a) Determine the total allowable DRG-based amounts for services subject to the DRG-based payment system and for beneficiaries other than family members

of active duty members during the same database period used for determining the DRG weights and rates.

(b) Add in the allowance for capital and direct medical education which have been paid to hospitals during the same database period used for determining the DRG weights and rates.

(c) Divide this amount by the total number of patient days for these beneficiaries. This amount will be the average cost per day for these beneficiaries.

(d) Multiply this amount by .25. In this way total cost-sharing amounts will continue to be 25 percent of the TRICARE/CHAMPUS-determined allowable amount.

(e) Determine any cost-sharing amounts which exceed 25 percent of the billed charge (see [paragraph II.C.1.b.](#) below) and divide this amount by the total number of patient days in [paragraph II.C.1.a.\(1\)\(c\)](#) above). Add this amount to the amount in [paragraph II.C.1.a.\(1\)\(d\)](#) above. This is the per diem cost-share to be used for these beneficiaries.

(2) The per diem amount will be required for each actual day of the beneficiary's hospital stay which the DRG-based payment covers except for the day of discharge. When TRICARE payment ends on a specific day because eligibility ends on either a long-stay or short-stay outlier day, the last day of eligibility is to be counted for determining the per diem cost-sharing amount. For claims involving a same-day discharge which qualify as an inpatient stay (e.g., the patient was admitted with the expectation of a stay of several days, but died the same day) the cost-share is to be based on a one-day stay. (The number of hospital days must contain one day in this situation.) Where long-stay outlier days are subsequently determined to be not medically necessary by a PRO, no cost-share will be required for those days, since payment for such days will be the beneficiary's responsibility entirely.

b. Twenty-five percent of the billed charge. The billed charge to be used includes all inpatient institutional line items billed by the hospital minus any duplicate charges and any charges which can be billed separately (e.g., hospital-based professional services, outpatient services, etc.). The net billed charges for the cost-share computation include comfort and convenience items.

2. Under no circumstances can the cost-share exceed the DRG-based amount.

3. Where the dates of service span different fiscal years, the per diem cost-share amount for each year is to be applied to the appropriate days of the stay.

D. Maternity Services. See [Chapter 13, Section 11.4](#) for the cost-sharing provisions for maternity services.

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