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HEALTH AFFAIRS

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TRICARE  
MANAGEMENT ACTIVITY

PRD

CHANGE 58  
6010.51-M  
NOVEMBER 30, 2007

PUBLICATIONS SYSTEM CHANGE TRANSMITTAL  
FOR  
TRICARE OPERATIONS MANUAL (TOM)

The TRICARE Management Activity has authorized the following addition(s)/  
revision(s) to 6010.51-M, reissued August 2002.

**CHANGE TITLE:** ELIMINATION OF TRICARE RESERVE SELECT (TRS)  
DELINQUENT PREMIUM PROCEDURES

**PAGE CHANGE(S):** See page 2.

**SUMMARY OF CHANGE(S):** This change eliminates the TRICARE Reserve Select  
(TRS) delinquent premium process and adoption of the TRICARE Prime  
disenrollment process with an effective date retroactive to TRS implementation.

**EFFECTIVE DATE:** March 26, 2005.

**IMPLEMENTATION DATE:** 30 days from date of publication.

Evie Lammle  
Director, Program Requirements Division

**ATTACHMENT(S):** 10 PAGES  
**DISTRIBUTION:** 6010.51-M

WHEN PRESCRIBED ACTION HAS BEEN TAKEN, FILE THIS TRANSMITTAL WITH BASIC DOCUMENT

CHANGE 58  
6010.51-M  
NOVEMBER 30, 2007

**REMOVE PAGE(S)**

**CHAPTER 24**

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Section 1, pages 5 through 15

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**INSERT PAGE(S)**

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## TRICARE RESERVE SELECT

SECTION	SUBJECT
<b>1</b>	<b>TRICARE RESERVE SELECT</b>
1.0.	General
2.0.	TRS Premiums
3.0.	Qualifying To Purchase TRS Coverage
4.0.	Procedures
5.0.	Premium Billing And Collection
6.0.	Claims Processing
7.0.	Communications And Customer Service
8.0.	Analysis And Reporting
9.0.	Payments For Contractor Services Rendered
10.0.	<i>Delinquent Premiums</i>
<b>ADDENDUM A</b>	<b>FIGURES</b>
	FIGURE 24-A-1 <i>Contractor Closure Letter</i>



#### 4.2.2. Addition Of Family Members to TRS Member and Family Coverage

TRS members may request to add eligible family members to an existing TRS member and family coverage plan at any time. They must first establish eligibility for the family member(s) by going to a military personnel office with RAPIDS capability to appropriately update DEERS (<http://www.dmdc.osd.mil/rsl/owa/home>). The effective date of coverage for the added family member(s) shall follow procedures specified in paragraphs 4.1.2. or 4.1.3. The TRS request must be either received in the TSC or postmarked no later than 60 days after that date.

#### 4.2.3. TRS Newborn/New Child Policy

**4.2.3.1.** A newborn/new child of a TRS member with member and family coverage in place shall have automatic TRS coverage for a period of 60 days from birth/custody. The newborn shall have continued coverage beyond 60 days if (a) the TRS member registers the newborn/new child in DEERS and (b) the TRS request is either received in the TSC or postmarked no later than 60 days after the date of birth/custody. If the member fails to complete these actions as specified, the coverage for the newborn/new child will be terminated effective 60 days after the date of birth/custody. *The contractor shall process claims associated with the child as specified in paragraph 6.0. and it's subordinate paragraphs.* The contractor shall make adjustments in premiums as specified in paragraph 5.5.

**4.2.3.2.** A newborn/new child of a member with member-only coverage in place will be covered only if (a) the TRS member registers the newborn/new child in DEERS within 60 days of birth/custody, and (b) the TRS request is either received in the TSC or postmarked no later than 60 days after the date of birth/custody. The contractor shall process claims associated with the child as specified in paragraph 6.3. The contractor shall make adjustments in premiums as specified in paragraph 5.5.

#### 4.3. Processing

**4.3.1.** The contractor shall process all TRS transactions through DOES for members with a DEERS residential address in the contractor's region. The TRICARE South Region contractor shall perform TRS transactions for TRS members residing outside the 50 United States. The contractor shall process TRS requests received along with one-month premium payment (as required) no later than 10 days after receipt.

**4.3.2.** If the contractor is unable to enroll the member in DOES due to (a) a 90-day future enrollment limitation, (b) DEERS not reflecting eligibility, (c) the application being incomplete, (d) a missing initial premium, or (e) the initial premium payment not being in the correct amount; the contractor shall initiate return of a copy of the original application and any incorrect premiums to the member, within 10 days, with an explanation of what is needed for the contractor to accept the application for processing. Premium payments that differ by less than one dollar from the correct amount due shall be considered payment in full for the initial payment.

#### 4.4. Termination of TRS Coverage

The contractor shall accept requests to terminate coverage. The contractor shall process these applications and requests in accordance with procedures specified in *paragraphs 4.4.4. through 4.4.5.* The contractor shall initiate, within 10 days of receipt of termination request, return of any excess premium amounts paid.

##### 4.4.1. Loss of TRS Eligibility

The effective date of termination for *a* member covered under TRS shall be the effective date of the loss of their qualifications for TRS coverage.

##### 4.4.1.1. Sponsor Loss of Eligibility

When a sponsor's eligibility is terminated at a date other than the anticipated end date, DEERS will send the contractor an unsolicited notification advising the contractor of the terminated coverage. When a sponsor's eligibility is terminated at the anticipated end date, DEERS will not send the contractor an unsolicited notification advising the contractor of the terminated coverage.

##### 4.4.1.2. Individual Family Member Loss of Eligibility

In the case of a family member losing eligibility in DEERS, DEERS will send the contractor an unsolicited notification advising the contractor to terminate coverage for that individual. When an individual family member's eligibility is terminated at the anticipated end date, DEERS will not send the contractor an unsolicited notification advising the contractor of the terminated coverage. The contractor shall terminate coverage for the family member(s), as appropriate.

##### 4.4.2. Member Gains Other TRICARE Coverage

TRS members may gain other TRICARE coverage at any time.

**4.4.2.1.** If a TRS member gains other TRICARE coverage for a period of 30 days or less, TRS coverage will continue unchanged.

**4.4.2.2.** If a TRS member gains other TRICARE coverage for a period of more than 30 days, DEERS will terminate TRS coverage in *accordance with paragraph 4.4.1.1.* The contractor shall refund any prorated premium amounts already paid for coverage and send the updated paid through date to DEERS within 30 calendar days of being notified by DEERS. The contractor shall include an explanation for the premium refund. The contractor must be aware of the fact that DEERS may reflect ADSM and ADFM TRICARE coverage before the ADSM actually reports for duty.

**4.4.2.3.** If a TRS member gains other TRICARE coverage via a family member, the member and family members may terminate coverage under TRS without incurring a lockout.

### 4.4.3. Failure to Make Payment

**4.4.3.1.** Failure to pay monthly premiums in accordance with the procedure in this chapter shall result in termination of coverage. Premium payments that differ by less than one dollar from the correct amount due shall be considered payment in full for that month. The effective date of termination is the *payment due date*. *The contractor shall automatically terminate coverage of the RC member and all family members under the RC member's Social Security Number (SSN) if the monthly premium payment is not received by the 30th calendar day following the due date for the monthly premium payment. After the 30th calendar day, the contractor shall terminate coverage with a termination effective date retroactive to the payment due date. DMDC sends written notification to the beneficiary of the termination and the reason for the termination. During the 30 day grace period, the contractor may pend any claims received for health care furnished to the RC member and/or family members during the grace period, to avoid creating recoupment of health care costs for ineligible beneficiaries. The RC member and/or family members will be responsible for the cost of any health care received during the 30 day grace period following retroactive termination of coverage. If claims are not pended, the contractor shall initiate recoupment of health care costs following the procedures in Chapter 11, Section 4.*

**4.4.3.2.** A contractor shall apply a TRS purchase lockout *for the RC member and/or family members*. The lockout shall be *for a* period of *12 months* from the effective date of termination. *The DMDC written notification of termination (see paragraph 4.4.3.1.) includes notice of the 12 month lockout period. The contractor shall lift the lockout following the 12 month period.*

### 4.4.4. Member Request

A contractor shall apply a TRS purchase lockout to all family members under the sponsor's SSN for one year from the effective date of terminations initiated by the TRS member.

#### 4.4.4.1. Termination of Existing Plan(s)

The contractor shall accept requests for termination of coverage from TRS members at anytime. The effective date of termination is the last day of the month in which the request was postmarked or received in the TSC.

#### 4.4.4.2. Termination of an Individual's Coverage

The contractor shall accept requests for termination of coverage for individual family members from TRS members at anytime. The effective date of termination is the last day of the month in which the request was postmarked or received in the TSC, unless otherwise specified.

#### 4.4.4.3. Cancelled Eligibility and Enrollment

When the contractor receives a *Policy Notification Transaction (PNT)* for a cancelled enrollment, the contractor will generate a letter notifying the covered member of the cancellation and refund any unused portion of the premium payment.

#### **4.4.5. TRS Survivor Coverage Termination**

If TRS coverage is continued as described in [paragraph 4.1.4.1.](#) and the survivors do not wish to keep the coverage, the survivors must submit a request for receipt by the contractor no later than 60 days after the date of death in order to terminate coverage retroactive to the day after the member's death. Alternatively, the survivor may request to terminate coverage in accordance with [paragraph 4.4.4.](#) Otherwise, DEERS will terminate TRS survivor coverage established under [paragraph 4.1.4.](#) six months after the date of the member's death. Refunds of premiums will be handled as specified in [paragraph 4.4.](#)

#### **4.5. Exceptions**

##### **4.5.1. Reconsiderations of Members Actions**

The contractor shall advise TRS members that all reconsideration requests for either (a) refusal of late submission of requests or (b) lockouts shall be submitted to the appropriate TRICARE Regional Director for determination. The TRICARE Regional Director will issue decisions within 10 calendar days of receipt of all reconsideration requests. If changes are to be made to a member's coverage as a result of a reconsideration determination, the TRICARE Regional Director will send instructions to the contractor. The contractor shall carry out such instructions no later than 10 days after receipt from the TRICARE Regional Director.

##### **4.5.2. Administrative Issues**

The TRICARE Regional Director will notify the contractor when the government determines that an administrative situation occurred that prevented a member's request from being accepted for processing according to submission deadlines specified in this section.

#### **5.0. PREMIUM BILLING AND COLLECTION**

The contractor shall perform all premium and billing functions required for TRS. Members are responsible for all premium payments for the type of coverage elected (i.e., TRS member-only or TRS member and family). All billing will be monthly; neither annual nor quarterly billings are authorized.

##### **5.1. Jurisdiction for Premium Billing and Collection**

**5.1.1.** The particular regional contractor servicing the address provided on the TRS request for the TRS member shall perform premium billing and collection functions for the TRS member.

**5.1.2.** As part of each monthly bill, the contractor shall provide the opportunity for the TRS member to submit a change of address to the servicing contractor. At any time the servicing contractor notices that a new address is in another TRICARE region or outside the fifty United States, the contractor shall initiate the actions necessary in DOES to transfer premium collection and other applicable administrative services to the new servicing contractor. The jurisdiction shall be based on the TRS member's reported new address. A

TRS member without a current paid-through date may transfer regions. The gaining contractor shall perform the premium collections for delinquent and future payments.

## **5.2. New Coverage**

The contractor shall credit the TRS member for premium payments received for new coverage. All bills shall specify that the premium payment is due for receipt by the contractor no later than the last calendar day of the current month for the following month of coverage. In the case of a start date of coverage at anytime other than the first of a month, the first bill generated by the contractor shall include the prorated amount on a daily basis necessary to synchronize billing to the first of the month. The daily prorated amount shall be equal to 1/30th of the appropriate premium (rounded to the penny) regardless of how many days are actually in the month.

### **5.2.1. Method of Payment**

**5.2.1.1.** The contractor shall accept payments by personal check, cashier's check, money order, credit/debit card (e.g., Visa/MasterCard) and Electronic Fund Transfer (EFT). An EFT payment shall be processed on the first business day of the month of coverage. The contractor shall not generate bills if the TRS member elects to use either the EFT or automatic credit/debit card payment method. The contractor shall advise members at the time of EFT election that an insufficient funds fee of up to \$20 U.S. will be assessed, if sufficient funds are not available.

**5.2.1.2.** The contractor shall be responsible for initiating EFTs and automatic credit/debit card payments with the member's financial institution upon being requested to do so, in writing, by the TRS member. The contractor shall direct bill the TRS member when a problem occurs in initially setting up the EFT or when there are insufficient funds to process a monthly EFT. The contractor may apply a fee of up to \$20 U.S. for insufficient funds. The contractor shall include notice of the fee of up to \$20 U.S. when billing the member. If the contractor is unable to obtain the requested premium payment from the TRS member's account for any reason after an EFT is established, the TRS member will be responsible for paying the overdue premiums and any insufficient funds fee by means of direct billing.

**5.2.1.3.** Premium payments shall be made payable to the contractor servicing the member's coverage as specified in [paragraph 5.1](#).

### **5.3. Issuance of Bills**

All direct bills for premium payments shall be issued on the 10th calendar day of each month, or the next business day, for the following month. All direct bills shall be for full month premiums and/or prorated amounts, if applicable, and shall reflect a due date of the last day of each billing month. Direct bills shall reflect all payments received through no less than the 5th day of the month. The following statement will appear on all direct bills: "Personnel eligible for a health plan under 5 USC 89 (FEHBP) are not eligible for TRICARE Reserve Select and must submit a TRS request to terminate TRS coverage".

#### **5.4. Annual Premium Adjustment**

Contractors shall include advance notification of annual premium adjustments on the October, November and December monthly bills. (The October notification may not include the actual premium rates for the new year). The notification shall include the new amount for member only and member and family coverage. For those members not receiving a monthly bill, the contractor shall issue a notice advising the member of the adjusted premium amount at the same time the October, November and December bills are mailed and shall initiate all actions required to allow the continuation of the EFT transaction or credit/debit card payment with the adjusted premium amount.

#### **5.5. Premium Adjustments from Changes Associated with QLEs**

**5.5.1.** When a QLE is processed that changes the premium, the effective date of the premium change shall be the date of the QLE.

**5.5.2.** If the change from a QLE results in an increase in the premium, the contractor shall adjust the next bill or electronic payment, to include any underpaid amount (prorated to the day), to the effective date of the change.

**5.5.3.** If the change from a QLE results in a decrease in the premium, the contractor shall retain any overpaid amount and apply it to subsequent bills or electronic payment until all of the overpayment is exhausted.

#### **5.6. Terminations and Premium Adjustments**

Within 15 days after the date of termination, the contractor shall refund any premium amounts applied for coverage after the date of termination.

#### **6.0. CLAIMS PROCESSING**

**6.1.** The contractor shall process TRS claims under established TRICARE Standard and TRICARE Extra ADFM cost-sharing rules and guidance. The TRS member and TRS family members are subject to the same cost-shares and deductibles as an ADFM. Normal TRICARE Other Health Insurance (OHI) processing rules apply to TRS.

**6.2.** The contractor shall pend all claims for health care provided to a newborn/new child of a TRS member with member-only coverage until the member completes the process specified in [paragraph 4.2.3.2.](#) to purchase family TRS coverage (effective on the date of birth/custody) and enroll the child in DEERS. The contractor shall notify the TRS member of the requirement to enroll the new child in DEERS and submit a TRS application for the child no later than 60 days after birth/custody. When the member completes the process specified in [paragraph 4.2.3.2.](#), the contractor shall process any claims associated with the child's health care. If the member fails to complete the process as specified in [paragraph 4.2.3.2.](#), the contractor shall deny any claims associated with the child's health care.

**6.3.** Premium payments made for TRS shall not be applied to the fiscal year deductible or catastrophic cap limit.

**6.4.** Non-Availability Statements (NASs) requirements shall apply to TRS members and family members in the same manner as for ADFMs under TRICARE Standard/Extra.

## **7.0. COMMUNICATIONS AND CUSTOMER SERVICE**

In addition to communications and customer service functions specified throughout this chapter, the contractor shall perform communications and customer service functions to the same extent as they do for TRICARE Standard and TRICARE Extra.

### **7.1. Customer Education**

**7.1.1.** Information materials (i.e., public notices, flyers, informational brochures, etc.) will be developed and printed centrally by DoD, TMA, Office of Communications and Customer Service. The contractor shall distribute all documents associated with the TRS Program to the same extent and through the same means as TRICARE Standard materials are distributed. Copies of the TRS Handbook and other information materials may be ordered through the usual TMA Communication and Customer Service ordering process.

**7.1.2.** Upon start of coverage under TRS each contractor shall mail one copy of the TRS Handbook to each first-time TRS member with TRS member-only coverage and one copy to the household of each TRS member with TRS member and family coverage. Each contractor shall send additional handbooks upon request, such as when TRS members and covered family members live in different locations (split coverage).

### **7.2. Customer Service**

The contractor shall provide all customer service support in a manner equivalent to that provided TRICARE Standard beneficiaries. When the contractor receives an inquiry involving TRS eligibility or qualifications, the contractor shall refer the inquiry to the member's RC.

## **8.0. ANALYSIS AND REPORTING**

TRS workload shall be included, but not separately identified in all reports.

## **9.0. PAYMENTS FOR CONTRACTOR SERVICES RENDERED**

### **9.1. Claims Reporting**

The contractor shall report TRS program claims according to [Chapter 3](#). The contractor shall process payments on a non-financially underwritten basis for the healthcare costs incurred for each TRS claim processed to completion according to the provisions of [Chapter 3](#).

### **9.2. Fiduciary Responsibilities**

**9.2.1.** The contractor shall act as a fiduciary for all funds acquired from TRS premium collections, which are government property. The contractor shall develop strict funds control processes for its collection, retention and transfer of premium funds to the government. All

premium collections received by the contractor shall be maintained in accordance with these procedures.

**9.2.2.** The contractor shall select a commercial bank that is a member of the Federal Reserve Bank. A separate non-interest bearing account shall be established for the collection and disbursement of TRS premiums. The bank name, address, and account number shall be provided to the COR and to the TMA Contract Resource Management (CRM). The contractor shall make daily deposits of premium collections to the established account.

**9.2.3.** The contractor shall wire-transfer the premium collections and net of refund payments, monthly to a specified government account as directed by TMA-CRM Finance and Accounting Office. The government will provide the contractor with information for this government account. The contractor shall notify the TMA-CRM Finance and Accounting Office by e-mail within one business day of the deposit specifying the date and amount of the deposit.

**9.2.4.** The contractor shall maintain a system for tracking and reporting premium billings, collections, and starts of coverage. The system is subject to government review and approval.

**9.2.5.** The contractor shall electronically submit monthly reports of premium activity supporting the wire transfer of dollars to the Contracting Officer.

## **10.0. DELINQUENT PREMIUMS**

**10.1.** *The contractor shall no longer collect delinquent premiums with two exceptions:*

- *Contractors shall continue to collect delinquent premiums in cases in which TRS members and/or family members have entered into installment payment agreements.*
- *Contractors shall continue to collect delinquent premiums in cases in which TRS members and/or family members received health care services during the grace period.*

**10.2.** *The contractor shall terminate collection of delinquent premiums for all other cases within 60 days through an adjustment to the account and issue written notification to the debtor that collection has been terminated. Language for a sample letter is included at [Addendum A, Figure 24-A-1](#). A summary report of all cases terminated shall be provided to the Office of General Counsel (OGC) within 30 days following termination of all cases. Such report shall include the sponsor's name, SSN, debt amount and date closed.*

**10.3.** *The contractor shall be responsible for coordinating with DEERS to ensure coverage dates for all TRS members and/or family members are correct. The coverage dates in DEERS will not be changed for those members and/or family members who have entered into installment payment agreements or for cases in which TRS members and/or family members obtained medical services during the grace period. OGC will provide the premium paid through dates to the contractor for cases for which the premiums were not collected by OGC so that DEERS can be updated accordingly.*

## FIGURES

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### FIGURE 24-A-1 CONTRACTOR CLOSURE LETTER

*(Addressee)* \_\_\_\_\_  
*(Address)* \_\_\_\_\_  
*(City, State Zip)* \_\_\_\_\_

RE: TRICARE Reserve Select  
Account No:  
Last Four Digits of Sponsor's SSN:  
Principal Due: \$0.00

Dear \_\_\_\_\_:

In our letter dated **(Letter Date)**, you were asked to refund delinquent TRICARE Reserve Select premiums totaling **(Amount Owed)**.

TRICARE Management Activity has determined that no further action will be taken on this debt, we have adjusted your account to \$0.00 and closed the collection action initiated against you.

Please direct any questions you may have to my attention at the above address.

Sincerely,

(Signature)  
(Title)

