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TRICARE  
MANAGEMENT ACTIVITY

OD

CHANGE 86  
6010.51-M  
AUGUST 19, 2009

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:** NEW REIMBURSEMENT METHODOLOGY FOR  
CRITICAL ACCESS HOSPITALS (CAHs)

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

**SUMMARY OF CHANGE(S):** New reimbursement methodology for CAHs using a  
modified version of the methodology used by Medicare.

**EFFECTIVE AND IMPLEMENTATION DATE:** December 1, 2009.

This change is made in conjunction with Aug 2002 TRM, Change No. 98 and Aug  
2002 TSM, Change No. 74.

  
Reta Michak  
Director, Operations Division

ATTACHMENT(S): 2 PAGES  
DISTRIBUTION: 6010.51-M

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

CHANGE 86  
6010.51-M  
AUGUST 19, 2009

**REMOVE PAGE(S)**

**CHAPTER 20**

Section 9, pages 3 and 4

**INSERT PAGE(S)**

Section 9, pages 3 and 4

**TRICARE OPERATIONS MANUAL 6010.51-M, AUGUST 1, 2002**  
 CHAPTER 20, SECTION 9  
 TRICARE DEMONSTRATION PROJECT FOR THE STATE OF ALASKA -  
 CRITICAL ACCESS HOSPITAL (CAH) PAYMENT RATES

**FIGURE 20-9-2 CRITICAL ACCESS HOSPITALS (CAHs) IN ALASKA AND THEIR CCRs ON OR AFTER JULY 1, 2008 (CONTINUED)**

NAME	INPATIENT CCR	OUTPATIENT CCR
Norton Sound Health Corporation (NSHC)	1.0967	0.8851
Ketchikan General Hospital (KGH)	0.6827	0.6711

**3.4.** *The following inpatient CCRs shall be effective for inpatient admission on or after July 1, 2009. The outpatient CCRs shall be effective for outpatient facility services with dates of service on or after July 1, 2009.*

**FIGURE 20-9-3 CRITICAL ACCESS HOSPITALS (CAHs) IN ALASKA AND THEIR CCRs ON OR AFTER JULY 1, 2009**

NAME	INPATIENT CCR	OUTPATIENT CCR
<i>Valdez Regional Health Authority (VRHA)</i>	<i>1.2016</i>	<i>1.0547</i>
<i>Providence Seward Medical &amp; Care Center (PSMCC)</i>	<i>1.4354</i>	<i>0.5837</i>
<i>Sitka Community Hospital (SCH)</i>	<i>1.1056</i>	<i>0.9757</i>
<i>Petersburg Medical Center (PMC)</i>	<i>1.1803</i>	<i>0.9506</i>
<i>Wrangell Medical Center (WMC)</i>	<i>1.0363</i>	<i>0.8314</i>
<i>Providence Kodiak Island Medical Center (PKIMC)</i>	<i>0.6655</i>	<i>0.6249</i>
<i>Cordova Community Medical Center (CCMC)</i>	<i>0.8913</i>	<i>0.9032</i>
<i>Norton Sound Health Corporation (NSHC)</i>	<i>0.9716</i>	<i>0.8385</i>
<i>Ketchikan General Hospital (KGH)</i>	<i>0.6504</i>	<i>0.6304</i>

**3.5.** The TRICARE Management Activity (TMA) shall provide a list of CAHs in the state of Alaska to the MCSC and the inpatient and outpatient CCRs to be used for this demonstration. The CCRs shall be updated on an annual basis using the most recent CCRs for each hospital. TMA shall provide the updated inpatient and outpatient CCRs to the contractor and the updated inpatient and outpatient CCRs shall be effective as of July 1 of each respective year, with the first update occurring effective July 1, 2008.

**3.6.** Payment for TRICARE covered outpatient services provided by physicians and other non-institutional individual professional providers in the state of Alaska shall be reimbursed in accordance with the **Federal Register** (FR) notice published on November 20, 2006 (71 FR 67112-67113). That is, TRICARE will adopt a rate that is 1.35 times the current TRICARE allowable rate. These rates are included in the CHAMPUS Maximum Allowable Charge (CMAC) file that is provided to each of the Managed Care Support Contractors (MCSCs).

**3.7.** The TRICARE cost-shares, copayments, and deductibles applicable to hospitals shall also apply to the services provided by CAHs under this demonstration.

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**3.8.** The CAH portion of the state of Alaska demonstration excludes those Indian Health Service (IHS) facilities that are also CAHs. IHS facilities will continue to be reimbursed the DRG or the negotiated rate for inpatient care, the lower of the billed charge or negotiated rate for outpatient facility care, and the CMAC rates for Alaska for care rendered by individual professional providers.

**4.0. MCSC RESPONSIBILITY**

The MCSC for the state of Alaska shall price and process inpatient and outpatient facility claims under this demonstration using the reimbursement methods described in [paragraph 3.0](#).

**4.1. Out-Of-Jurisdiction Claims**

**4.1.1.** In the event the MCSC for the state of Alaska receives an out-of-jurisdiction claim, the MCSC shall price the claim using the methods described in [paragraph 3.0](#). Once the claim has been priced, the claim shall be forwarded to the appropriate contractor based on the jurisdiction provisions found in [Chapter 8, Section 2](#).

**4.1.2.** In the event that a north or south MCSC or other TRICARE contractor receives a claim from one of the CAHs under this demonstration, the claim shall be sent to the MCSC for the state of Alaska to be priced using the provision of this demonstration. Once the claim has been priced by the state of Alaska MCSC, the claim shall be forwarded to the appropriate contractor based on the jurisdiction provisions found in [Chapter 8, Section 2](#). The claim shall be sent to the fax number 1-715-843-8435, Attn: CAH Processing.

**5.0. EFFECTIVE DATE**

**5.1.** The portion of the state of Alaska demonstration that provides for 1.35 times the current TRICARE allowable rate took effect on February 1, 2007.

**5.2.** The enhanced portion of the state of Alaska demonstration that provides for 101% of reasonable costs for inpatient and outpatient facility reimbursement to CAHs shall be effective for inpatient admissions on and after July 1, 2007, and for outpatient facility services with dates of service on or after July 1, 2007.

**5.3.** *The CAH portion of the demonstration will expire on November 30, 2009. Requirements of this section as related to the CAH portion of the demonstration cease at 12:00 midnight on November 30, 2009, except for claims for patients admitted prior to 12:00 midnight on November 30, 2009. The demonstration retains responsibility for these claims until the beneficiary is discharged from the CAH. For information on CAH reimbursement, see the TRICARE Reimbursement Manual (TRM), [Chapter 15, Section 1](#).*