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TRICARE
MANAGEMENT ACTIVITY

OD

CHANGE 59
6010.56-M
SEPTEMBER 26, 2011

**PUBLICATIONS SYSTEM CHANGE TRANSMITTAL
FOR
TRICARE OPERATIONS MANUAL (TOM), FEBRUARY 2008**

The TRICARE Management Activity has authorized the following addition(s)/revision(s).

CHANGE TITLE: AVERAGE WHOLESAL PRICE (AWP)

CONREQ: 15537

PAGE CHANGE(S): See page 2.

SUMMARY OF CHANGE(S): This change removes references to Drug Topics Blue/Red Book and includes the AWP terminology that is in the 32 Code of Federal Regulations (CFR) 199.14(a)(6)(i)(I). The contractor is required to obtain AWP pricing.

EFFECTIVE DATE: September 26, 2011.

IMPLEMENTATION DATE: Upon direction of the Contracting Officer.

This change is made in conjunction with Feb 2008 TRM, Change No. 56.


Reta M. Michak
Director, Operations Division

ATTACHMENT(S): 6 PAGES
DISTRIBUTION: 6010.56-M

CHANGE 59
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REMOVE PAGE(S)

CHAPTER 13

Addendum A, pages 23 and 24

CHAPTER 24

Section 9, pages 7 and 8

Section 30, pages 1 and 2

INSERT PAGE(S)

Addendum A, pages 23 and 24

Section 9, pages 7 and 8

Section 30, pages 1 and 2

FIGURE 13.A-16 STATISTICAL SAMPLING FOR OVERPAYMENT DETERMINATIONS AND IDENTIFICATION OF PROBABLE FALSE CLAIMS (CONTINUED)

ALTERNATE SAMPLING METHODS

If the tests for the validity of the sample and overpayment estimates are not met, it may be an indicator that the universe should be stratified, or other techniques should be used. If this is the case, consult with TMA PI. If there are services subjected to audit where there are large differences in payments (e.g., surgical and medical), there will likely be a need to stratify the universe into two or more separate categories for separate sample selection. When stratification is necessary and after consulting with TMA PI, please seek consultation for such sample techniques from a qualified statistician.

The standard reference for auditing with samples is the Handbook of Sampling for Auditing and Accounting, Third Edition, by Herbert Arkin, McGraw-Hill Book Company, copyright 1984.

FIGURE 13.A-17 CONTROLLED PRESCRIPTION DRUGS

1.0 CONTROLLED PRESCRIPTION DRUG SCHEDULES

The Controlled Substances Act of 1970 (Public Law 91-513) classifies drugs covered by the law in five schedules according to their potential for abuse and risk of bodily harm. The schedules follow:

1.1 Schedule I

Substances with a high potential for abuse and that have no current accepted medical use in treatment. These drugs circulate through, and are available through, illegal channels.

1.2 Schedule II

Drugs which have a high abuse potential with severe psychic or physical dependence liability. Drugs should have a current acceptable medical use in treatment. This schedule includes the narcotics, stimulants and depressants that are commonly obtained through legal channels but have high potential for drug dependency. The following control measures prevail that affect prescribing and dispensing of the drugs in this schedule:

- Prescription must be signed by the prescribing physician.
- Prescriptions are nonrefillable.

1.3 Schedule III and IV

The drugs or other substances in Schedules III or IV have less potential for abuse than the drugs or other substances in Schedules I and II. The drugs have currently acceptable medical use in treatment in the United States. Abuse of the drugs or other substances may lead to moderate or low physical dependence or high psychological dependence:

- Drugs may be prescribed orally (by phone) or written.
- Prescriptions may be refilled up to five times within six months of initial issuance if authorized by the prescribing physician and if state law permits. After the five or less authorized refills are received or after the expiration of six months from date of issuance (whichever comes first), the prescription is non-refillable and a new and separate written prescription, or an oral prescription if state law permits, is required. (Additional refill authorization cannot be added to the prescription. A new prescription must be developed.)

1.4 Schedule V

Includes certain narcotic drugs containing nonnarcotic active medical ingredients. The Schedule V drugs have less potential for concern of abuse than drugs in Schedule IV and use in treatment.

2.0 CONTROLLED PRESCRIPTION DRUG SYMBOLS

Controlled drugs are identified in the American Druggist Blue Book by the following symbols:

- Schedule II: C-II
- Schedule III: C-III
- Schedule IV: C-IV
- Schedule V: C-V

TRICARE Operations Manual 6010.56-M, February 1, 2008

Chapter 24, Section 9

Claims Processing Procedures

6.2 Claims may be filed by eligible TRICARE beneficiaries, TOP host nation providers, TOP POCs, and TRICARE authorized providers in the 50 United States and the District of Columbia as allowed under TRICARE (see [Chapter 8, Section 1](#)).

6.3 Confidentiality requirements for TOP are identical to TRICARE requirements outlined in [Chapter 8](#).

6.4 As a guideline, all overseas claims shall be sent to the microcopy area, transferred to microcopy format, and returned to the contractor's claims processing unit No Later Than (NLT) the close of business the following working day of submission.

6.5 The provisions of [Chapter 8, Section 9](#) are applicable to TOP.

6.6 The following minimal information is required on each overseas claim prior to payment:

6.6.1 Beneficiary and host nation provider signatures.

6.6.2 Complete beneficiary and host nation provider name and address.

6.6.3 If an address is not available on the claim, obtain the address either from previously submitted claims, directly from the beneficiary/host nation provider via phone, fax or e-mail, or notify the TAO Director as appropriate.

Note: The TOP contractor shall accept APO/FPO for the beneficiary address.

6.6.4 A valid payable diagnosis. Prior to returning a claim that is missing a diagnosis, the TOP contractor shall research their history and determine whether a diagnosis from a related claim can be applied.

6.6.5 Identification of the service/supply/DME ordered, performed or prescribed, including the date ordered performed or prescribed. The TOP contractor may use the date the claim form was signed as the specific date of service, if the service/purchase date/order date is not on the bill.

6.6.6 Claims received with a narrative description of services provided shall be coded by the TOP contractor with as accurate-coding as possible based upon the level of detail provided in the narrative description or as directed by the TMA CO. The provisions of [paragraph 6.1](#) apply for narrative claims that cannot be accurately coded due to insufficient or vague information. Claims received with International Classification of Diseases, 10th Revision (ICD-10) codes shall be converted to International Classification of Diseases, 9th Revision (ICD-9) codes by the TOP contractor. Refer to [Chapter 8, Section 6, paragraph 4.0](#) regarding the use of "V" codes.

6.6.7 Care authorizations (when required).

6.6.8 Itemization of total charges. (Itemization of hospital room rates are not required on institutional claims).

6.7 The TOP contractor shall return all claims for overseas pharmacy services submitted by high volume overseas providers without National Drug Code (NDC) coding (where required), unless the provider has been granted a waiver by the TMA CO as outlined below.

TRICARE Operations Manual 6010.56-M, February 1, 2008

Chapter 24, Section 9

Claims Processing Procedures

6.8 Non-prescription (Over-The-Counter (OTC)) drugs are to be denied. This includes drugs that are considered OTC by U.S. standards, even when they require a prescription in a foreign country.

6.9 The TOP contractor shall use a schedule of allowable charges based on the Average Wholesale Price (AWP) as a reference source for processing drug related TRICARE overseas claims.

6.10 Claims for medications prescribed by a host-nation physician, and commonly used in the host-nation country, may be cost-shared.

6.11 The TOP contractor shall use \$3,000 as the overseas pharmacy service drug tolerance. A limited waiver to the NDC coding and payment requirements (where required) may be granted for overseas claims for pharmaceuticals submitted from low volume/small overseas pharmacy providers or TRICARE eligible beneficiaries from the Philippines, Panama and Costa Rica and any other country designated by TMA, when it would create an undue hardship on a beneficiary. High volume providers who provide pharmaceuticals in the Philippines, Panama and Costa Rica (and any other country designated by TMA) would not qualify for the limited waiver. See [Section 14](#) for specific NDC coding and payment requirements.

6.12 For the Philippines, prescription drugs may only be cost-shared when dispensed by a certified retail pharmacy or hospital-based pharmacy. The TOP contractor shall deny claims for prescription drugs dispensed by a physician's office. Certification requirements outlined in [Section 14](#) apply.

Note: This does not apply to Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS).

6.13 Claims for DME involving lease/purchase shall always be developed for missing information.

6.14 The TOP contractor shall use ECHO claims processing procedures outlined in TPM, [Chapter 9, Section 18.1](#), when processing ECHO overseas claims.

6.15 The TOP contractor shall deny claims from non-certified or non-confirmed host nation providers when the TMA CO has directed contractor certification/confirmation of the host nation provider prior to payment.

6.16 Requests for missing information shall be sent on the TOP contractor's TRICARE/TOP letterhead. When development is necessary in TRICARE Europe Region, the contractor shall include a special insert in German, Italian and Spanish which indicates what missing information is required to process the claim and includes the contractor's address for returning requested information.

6.17 If the TOP contractor elects to develop for additional/missing information, and the request for additional information is not received/returned within 45 days, the contractor shall deny the claim.

6.18 If the TOP contractor has no record of referral/authorization prior to denial/payment of the claim, the contractor will follow the TOP POS rules, if the service would otherwise be covered under TOP.

Figures

FIGURE 24.30-1 OVERSEAS PHARMACY PROVIDER NOTICE LETTER (SAMPLE)

(Provider Name)
(Provider Street Address)
(Provider City, State and Zip Code)

Dear **(Provider Name)**:

The Department of Defense, through TRICARE Management Activity, is responsible for appropriate cost containment for services provided to TRICARE beneficiaries. One particular area of concern has been the costs billed for prescription drugs. In an effort to establish a Uniformed Military Services drug benefit and claim processing requirement for all TRICARE eligibles, the Deputy Director, TMA, has determined that pharmacy claims submitted for services outside the United States must be reimbursed in accordance with the reimbursement formulas for TRICARE United States (U.S.) claims as established under the Code of Federal Regulations.

This letter notifies you that sixty (60) days from the date on this letter, overseas pharmacy claims must comply with TRICARE requirements for a National Drug Coding (NDC). Claims must include correct and complete NDC coding, whether submitted electronically or using standard claim forms. Drug claims received for processing for dates of service on or after **(Date 60 days from the Date on this Letter)** that do not have applicable NDC coding will be returned.

Additionally, effective sixty (60) days from date on this letter, **(Date)**, overseas pharmacy claims submitted will be processed in accordance with the reimbursement formulas for TRICARE claims in the United States which **are from a schedule of allowable charges based on the Average Wholesale Price (AWP)** rates plus \$3.00 administration fee. Should you have any questions regarding this requirement, please write me at **(Contractor Mailing Address)**.

Sincerely,

(Contractor Name)

(Contractor Title)

FIGURE 24.30-2 TOP CONTRACTOR PROVIDER CERTIFICATION REQUEST LETTER



OVERSEAS

(Sample Philippine Contractor Provider Certification Request Letter)

Dear Provider:

(TOP Contractor Name), your TRICARE claims processor has received a claim for services provided by you.

You are not currently listed with us as a TRICARE authorized/credentialed provider. To complete processing of your claim, you must request to be an authorized/credentialed TRICARE provider. So that we may complete the processing of your claim, please complete the attached TRICARE Provider Application including copies of your current license(s). Unless we receive the requested license(s)/credentials the claim will be denied.

Please return the completed application with copies of your license(s)/credentials to:

(Contractor's Name and Address)

Sincerely,

(Contractor's Name)