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TRICARE
MANAGEMENT ACTIVITY

MB&RB

**CHANGE 148
6010.54-M
SEPTEMBER 26, 2011**

**PUBLICATIONS SYSTEM CHANGE TRANSMITTAL
FOR
TRICARE POLICY MANUAL (TPM), AUGUST 2002**

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

CHANGE TITLE: AVERAGE WHOLESAL PRICE (AWP)

CONREQ: 15536

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 Aug 2002 TRM, Change No. 140.

Ann N. Fazzini
Chief, Medical Benefits and
Reimbursement Branch

ATTACHMENT(S): 10 PAGE(S)
DISTRIBUTION: 6010.54-M

CHANGE 148
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REMOVE PAGE(S)

CHAPTER 12

Section 11.1, pages 19 - 26

Section 12.2, pages 11 and 12

INSERT PAGE(S)

Section 11.1, pages 19 - 26

Section 12.2, pages 11 and 12

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CHAPTER 12, SECTION 11.1

MANAGED CARE SUPPORT CONTRACTOR (MCSC) RESPONSIBILITIES FOR CLAIMS PROCESSING

c. The following message shall be used on TGRO EOBs in TRICARE Pacific when a one-time waiver of POS charges has been granted:

“This claim has been processed and paid in full. However, we have no record of the services being coordinated with the TRICARE Global Remote Overseas (TGRO) Contractor. As a TGRO enrollee, all future health care must be coordinated with TGRO or these claims will be processed at Point-of-Service rates, including annual deductibles of \$300 per individual or \$600 per family, and 50 percent cost share that you would be responsible to pay. If you have questions regarding your TGRO enrollment, please call the TGRO contractor collect at 65-6338-9277 (Singapore) or 61-29273-2760 (Sydney) or your local TRICARE Overseas Remote Point-of-Contact or the TRICARE Area Office (Pacific) at COMM: (81)6117-43-2036, DSN: 643-2036, or toll-free 1-888-777-8343, option #4.”

d. The following message shall be used on TPRC EOBs when a one-time waiver of POS charges has been granted:

“This claim has been processed and paid in full. However, we have no record of the services being coordinated with the TRICARE Puerto Rico Contractor (TPRC). As a TPRC enrollee, all future civilian health care must be coordinated with TPRC or these claims will be processed at Point-of-Service rates, including annual deductibles of \$300 per individual or \$600 per family, and 50 percent cost share that you would be responsible to pay. If you have questions, please contact your local TRICARE Point of Contact or the TRICARE Area Office (Latin America & Canada) toll free at 888.777.8343, option #3, or 706.787.2424, or DSN 773.2424. The TPRC Call Center is available around the clock to assist you with your healthcare needs by calling toll free at 800.700.7104.”

H. Claim Development.

1. General.

a. Development of missing information shall be kept to a minimum. The overseas claims processing contractor shall use available in-house methods, overseas claims processing contractor files, telephone, DEERS, etc., to obtain incomplete or discrepant information. If this is unsuccessful, the overseas claims processing contractor may return the claims to sender with a letter which indicates that the claims are being returned, the reason for return and requesting the required missing documentation. The overseas claims processing contractor’s system must identify the claim as returned, not denied. The overseas claims processing contractor shall review all claims to ensure TOP required information is provided prior to payment.

NOTE: The overseas claims processing contractor shall accept APO/FPO for the beneficiary address.

b. The following minimal information is required on each overseas claim prior to payment.

- (1) Beneficiary/host nation provider signatures.

(2) Complete host nation provider name and address.

(3) For TGRO contract and TPRC claims, for which web-based Government Inquiry for DEERS (WebGIQD) does not provide an address, the TGRO and TPRC contractor for remote areas may use the overseas address on the claims. If the overseas address is not available on the claim, the TGRO and TPRC contractor should obtain the address either from previously submitted claims, directly from the beneficiary via phone, fax or e-mail, or notify the TAO Director as appropriate.

(4) A valid payable diagnosis. Prior to returning a claim that is missing a diagnosis, the overseas claims processing contractor shall research their history and determine whether a diagnosis from a related claim can be applied.

(5) Identification of the service/supply/DME ordered, performed or prescribed, including the date ordered performed or prescribed. The overseas claims processing 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. (See [paragraph I.C.](#), for further guidance on retail network pharmacy claims).

(6) Care authorizations for TOP Prime enrollees will not be required for any overseas area listed as a remote overseas area (see [Figure 12-12.2-5](#)). All overseas MTF areas DMIS-IDs will require care authorizations for care referred by an MTF before claims will be paid overseas. (See [Figure 12-12.2-4](#) and [Figure 12-12.2-6](#) for a listing of MTF areas/countries requiring authorization). (See [Chapter 12, Section 8.1](#) for additional requirements on care authorizations overseas). TGRO/TPRC enrollees must obtain care authorization for non-urgent/emergent care. (See [Chapter 12, Section 10.2](#) for additional information on POS for ADFM enrollees.)

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

(8) For TGRO claims, itemization of total charges for commercial air transports are not required.

c. Usual TRICARE Program itemization requirements are not required if the overseas claims processing contractor determines the service/supply/pharmacy/DME is determined to be a benefit of the TOP except for overseas pharmacy claims submitted by high volume overseas providers of pharmacy services. The overseas claims processing contractor shall return all claims from overseas pharmacy services submitted by high volume overseas providers without NDC coding (where required), unless the provider has been granted a waiver by TMA as outlined in [paragraph V.H.1.e](#).

d. This can vary by country, but drugs identified as non-prescription (over-the-counter) are to be denied. The overseas claims processing contractor may use [a schedule of allowable charges based on the Average Wholesale Price \(AWP\)](#) as a reference source for processing drug related TRICARE overseas claims. Other claims for medications prescribed by a host-nation physician, and commonly used in the host-nation country, may be cost-shared. Pharmaceuticals provided under the TGRO and TPRC contractor for inpatient/emergent care must meet U.S. equivalent or international standards. Medications that are

considered over-the-counter by U.S. standards are not authorized for payment. Also, see [paragraph I.C.](#) for further guidance on retail network pharmacy claims.

e. The overseas claims processing 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 pharmacy services claims 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 overseas pharmacy providers from the Philippines, Panama and Costa Rica and any other country designated by TMA would not qualify for the limited waiver.

f. Claims for **Durable Medical Equipment (DME)** involving lease/purchase shall always be developed for missing information. For TGRO claims, the contractor shall consider DME as authorized and not require the usual information necessary to process the claim.

g. The overseas claims processing contractor shall use Extended Care Health Option (ECHO) claims processing procedures outlined in [Chapter 9, Section 18.1](#), when processing ECHO overseas claims.

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

i. Requests for missing information shall be sent on the overseas claims processing contractor TRICARE/TOP letterhead. When development is necessary in TRICARE Europe Region, the overseas claims processing 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 overseas claims processing contractor address for returning requested information.

j. If the overseas claims processing contractor elects to develop for additional/missing information, and the requests for additional information are not received/returned within 35 days the overseas claims processing contractor shall deny the claim.

l. Other TOP Claim Processing Requirements.

1. The overseas claims processing contractor must have an automated data system for eligibility, deductible and claims history data and must maintain on the automated data system all the necessary TOP data elements to ensure the ability to reproduce both TED and EOBs as outlined in the TOM, [Chapter 8, Section 8](#), except for requiring overseas providers to use Health Care Procedure Coding System (HCPCS) to bill outpatient rehabilitation services, issue provider's the Form 1099 and suppression of checks/drafts for less than \$1.00. The overseas claims processing contractor is allowed to split claims to accommodate multiple invoice numbers in order to reference invoice numbers on EOBs when necessary.

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CHAPTER 12, SECTION 11.1

MANAGED CARE SUPPORT CONTRACTOR (MCSC) RESPONSIBILITIES FOR CLAIMS PROCESSING

2. The overseas claims processing contractor shall not pay for pharmacy services obtained through the internet.

3. The overseas claims processing contractor shall pay all non-emergency and emergency civilian/medical surgical and dental claims for TRICARE Europe, TRICARE Pacific, and TLAC ADSM health care even when not a TRICARE covered benefit when the claim is:

a. Submitted by the MTF or other military command personnel, or by a designated POC; and

b. Accompanied by a completed and signed TRICARE claim form; and

c. Accompanied by either a Standard Form (SF) 1034, a SF 1035 continuation sheet, a NAVMED 6320/10 or Electronic Non-Availability Statement (ENAS) (these forms shall be considered an authorization for payment); or an authorization letter from the TGRO/TPRC contractor (these forms shall be considered an authorization for payment); and

NOTE: The SF 1034, SF 1035 continuation sheet or NAVMED 6320/10 must be signed by the submitting military command. If a patient signature is not present on the claim form, the military command must submit a letter of explanation with the unsigned claim form prior to payment.

d. DEERS verification indicates the TRICARE Europe, TRICARE Pacific, and TLAC ADSM was on active duty at the time the services were rendered.

4. Upon payment for a TOP enrolled ADSM overseas claim, a copy of the EOB and, when applicable, the SF 1034 or SF 1035 or NAVMED 6320/10, shall also be manually submitted to the MTF, or MTF command personnel, or a designated POC.

5. Emergency submitted non-remote TRICARE Europe, TRICARE Pacific, and TLAC ADSM claims for health care received overseas/CONUS not meeting [Chapter 2, Section 6.1](#) policy on emergency department services shall be denied explaining the reason of denial and advising resubmission with proper forms by the appropriate MTF, etc.

6. The overseas claims processing contractor shall deny non-remote TRICARE Europe, TRICARE Pacific, and TLAC ADSM claims for health care received overseas when any one of the administrative items outlined in [paragraph V.I.3.a.](#) through [d.](#) are missing. Upon denial, the overseas claims processing contractor shall instruct the non-remote TRICARE Europe, TRICARE Pacific, and TLAC ADSM/host nation provider to contact the local MTF or other military command personnel, for assistance in proper claim submission and in obtaining missing documentation. Copies of EOBs and claims denied as DEERS ineligible or not submitted by an MTF shall be electronically forwarded to the appropriate overseas TAO Director for further action.

7. The overseas claims processing contractor shall follow the additional specific processing procedures outlined in this chapter when processing claims for TRICARE Europe ADSMs stationed in Germany.

8. The overseas claims processing contractor shall pay all TOP non-assigned ADSM CONUS claims as outlined in [Chapter 12, Section 10.1](#).

9. The TGRO/TPRC contractors shall submit all remote area claims electronically to the overseas claims processing contractor. The TGRO/TPRC contractor is required to submit all claims in U.S. dollars.

10. The overseas claims processing contractor is required to receive TGRO and TPRC contractor electronic claims submitted in an X12 HIPAA-compliant format. The overseas claims processing contractor is responsible for entering into a trading partner agreement with the TGRO/TPRC contractor. The agreement shall include the companion document for submission of claims in the X12 format. Copies of the companion document and any updates shall be provided to the appropriate TMA COR.

11. Electronic claims not accepted by the overseas claims processing contractor's Electronic Data Information (EDI) system/program shall be rejected. Upon rejection by the overseas claims processing contractor EDI system/program, the overseas claims processing contractor shall advise the TGRO and TPRC contractor of the missing information needed for acceptance of the TGRO and TPRC contractor electronic claim by the overseas claims processing contractor's EDI system.

12. The TGRO and TPRC contractor shall ensure that when submitting electronic claims for outpatient services with dates of service not in the same month, claims crossing months must be submitted on separate lines in the Electronic Medical Claims (EMCs) submission (i.e., data entry at claims input must separate months by claim line item). TGRO and TPRC contractor electronic claims for institutional services (i.e., room and board charges), and professional charges may not be submitted on the same electronic claims submission. Institutional room and board charges which cross months may be submitted on the same claim but must be submitted using the CMS 1450 UB-04 form. Institutional professional charges, etc., must be submitted using a non-institutional format. Institutional professional charges, etc. which cross months may be submitted on the same claim using separate line items. When in doubt about how to submit claims with multiple services, varying dates of service, etc., the TGRO and TPRC contractor shall contact the overseas claims processing contractor EMC's department for assistance in claims submission prior to the submission of the electronic claim.

13. For all overseas claims, including the TGRO and TPRC contractor claims, the overseas claims processing contractor shall create and submit TEDs following current guidelines in the TSM for TED development and submission. Except for TRICARE Europe non-remote ADSM claims, these claims shall be submitted on vouchers. TRICARE Pacific and TLAC ADSM claims shall be submitted on vouchers. Non-remote TRICARE Europe ADSM claims shall be submitted as batches. Claim information will be able to be accessed through the TRICARE Patient Encounter Processing and Reporting (PEPR) Purchased Care Detail Information System (PCDIS).

14. The overseas claims processing contractor shall process claims for TGRO/TPRC contractor claims following the guidelines outlined in this chapter.

15. The overseas claims processing contractor shall establish high dollar thresholds of \$5,000 for non-institutional claims and \$10,000 for institutional TOP claims. Claims exceeding these thresholds should be reviewed for medical necessity.

16. TGRO claims related to ambulance services are not required to be submitted using modifier codes for ambulance services.

17. TGRO/TPRC contractor claims either denied as “beneficiary not eligible” or “found to be not eligible on DEERS” shall request a “good faith payment” from the Beneficiary and Provider Services, 16401 East Centretch Parkway, Aurora, CO 80011-9066.

18. Normal TRICARE coverage limitations will not apply to services rendered to TPRC outpatient civilian claims for ADSM enrolled to the TPRC. Services that have been authorized by the TPRC will be covered regardless of whether they would have ordinarily been covered under TRICARE policy. Allowable amounts are to be determined based upon the TRICARE payment reimbursement methodology applicable to the services reflected on the claim. Reimbursement for services not ordinarily covered by TRICARE and/or rendered by a provider who cannot be a TRICARE authorized provider shall be at billed amounts. Cost sharing and deductibles shall not be applied to these claims.

J. Claims Auditing Software.

The Claims Auditing Software requirements outlined in the TRM, [Chapter 1, Section 3](#) do not apply to TOP claims.

K. Application Of Deductible.

Application of TOP deductible procedures shall follow the guidelines outlined in the TOM, [Chapter 8, Section 7](#) and [Chapter 12, Section 2.3](#), except for the requirements related to claims with negotiated rates.

L. EOB Vouchers.

1. The overseas claims processing contractor shall follow the EOB voucher requirements in the TOM, [Chapter 8, Section 8](#), where applicable, with the following exceptions and additional requirements:

- a. The issuance of the TOP EOB is not optional for TOP Prime beneficiaries.
- b. The letterhead on all TOP EOBs shall also reflect “TRICARE Overseas Program” and shall be annotated Prime or Standard.
- c. TOP EOBs may be issued on regular stock, shall provide a message indicating the exchange rate used to determine payment and shall clearly indicate that “This is not a bill.”
- d. TOP EOBs for overseas countries with toll-free service shall include the toll-free number for that country. Additionally, TOP EOBs for overseas enrolled ADSM claims shall be annotated “ACTIVE DUTY.”

e. For Point of Sale or Vendor pharmacy overseas claims, TOP EOBs must have the name of the provider of service on the claim.

f. EOBs shall be issued for each TGRO/TPRC contractor claim processed. EOB's shall be issued to the TGRO/TPRC contractor, the rendering provider, and remote site beneficiaries when the overseas claims processing contractor determines that Other Health Insurance (OHI) is available. The EOB should explain that OHI information is required prior to services being paid.

g. The overseas claims processing contractor shall insert the provider's payment invoice numbers in the patient's account field on all EOBs.

h. The following EOB message shall be used on overseas claims rendered by providers requiring TMA/TAO Director/their designee's certification and they have not been certified. "Your provider has not submitted documentation required to validate his/her training and/or licensure for designation as an authorized TRICARE provider."

M. Duplicate Payment Prevention.

The overseas claims processing contractor shall follow the duplicate payment prevention requirements outlined in the TOM, [Chapter 8, Section 9](#) to include TGRO/TPRC contractor claims.

N. Double Coverage.

1. TOP claims require double coverage review as outlined in the TRM, [Chapter 4](#).

2. TOP claims determined by the overseas claims processing contractor during processing to have OHI shall be denied. Beneficiary/provider disagreements of the overseas claims processing contractor determination shall be coordinated through the overseas TAO Director for resolution with the overseas claims processing contractor.

3. Overseas insurance plans such as German Statutory Health Insurance, Japanese National Insurance (JNI), and Australian Medicare, etc., are considered OHI. Claims involving JNI should include the Japanese insurance points. If the Japanese insurance points are not clearly indicated on the claim/bill, the overseas claims processing contractor shall contact the submitter or the appropriate TOP POC for assistance in determining the Japanese insurance points prior to processing the claim. When necessary, the overseas claims processing contractor may contact the appropriate overseas TAO Director for assistance.

4. For TGRO and TPRC contractor claims determined to have OHI, the overseas claims processing contractor will notify the TGRO and TPRC contractor of required OHI information via the EOB. Upon receipt of the EOB, the TGRO and TPRC contractor will contact the beneficiary to obtain the OHI information and resolve such claims. The appropriate overseas TAO Director shall notify the overseas claims processing contractor of the required OHI information, if known and will upon receipt of the OHI information provide the information to the overseas claims processing contractor. Upon notification, the overseas claims processing contractor shall reprocess the TGRO and TPRC contractor claim.

O. Third Party Liability (TPL).

1. The overseas claims processing contractor shall reimburse TOP claims suspected of TPL and then develop for TPL information. Upon receipt of the information, the overseas claims processing contractor shall refer claims/documentation to the appropriate Judge Advocate General (JAG) office, as outlined in the TOM, [Chapter 11, Addendum B](#), except for TGRO/TPRC **contractor** claims.

2. For TGRO and TPRC **contractor** claims involving TPL, the overseas claims processing contractor shall pay the claim and then follow procedures for obtaining the required TPL information. Upon receipt of the information, the overseas claims processing contractor shall refer the TPL claims to the appropriate overseas TAO Director for action/review. If the overseas TAO Director determines that the claims involves TPL, the overseas TAO Director is responsible for forwarding the claims to the appropriate JAG office as indicated in the TOM, [Chapter 11, Addendum B](#).

P. Fraud and Abuse.

1. The overseas claims processing contractor, when processing overseas claims including the TGRO contractor claims shall follow the Fraud and Abuse requirements outlined in the TOM, [Chapter 14](#).

2. In cases involving check fraud, the overseas claims processing contractor is not required to reissue checks until the investigation is finalized, fraud has been determined, and the overseas claims processing contractor has received the money back from the investigating bank.

3. The TGRO and TPRC **contractor** is required to notify appropriate overseas TAO Directors and the overseas claims processing contractor in writing of any new or ongoing fraud and abuse issues.

Q. Reimbursement/Payment Of Overseas Claims.

1. When processing TOP claims, the overseas claims processing contractor shall follow the reimbursement payment guidelines outlined in Chapter 12, [Sections 10.1 and 10.4](#) and TRM, Chapter 1, [Sections 34 and 35](#) and the cost-sharing and deductible policies outlined in TRM, [Chapter 2, Section 1](#) and Chapter 12, [Sections 2.1 and 2.3](#) and shall:

a. Reimburse claims for host nation services/charges for care rendered to TOP eligible beneficiaries which is generally considered host nation practice but which would not typically be covered under TRICARE. An example of such services may be, charges from host nation ambulance companies for driving host nation physicians to accidents or private residences, etc. For professional services rendered in the Philippines and Panama, reimbursement shall be the lower of the billed amount or the TRICARE allowable amount as established in TRM, Chapter 1, [Sections 34 and 35](#). The balance billing provision will be applied.

b. Not reimburse for host nation care/services specifically excluded under TRICARE.

FIGURE 12-12.2-8 OVERSEAS PHARMACY PROVIDER NOTICE LETTER (SAMPLE)

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

Dear (Insert 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 Executive 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 **(insert date sixty (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, **(insert date)**, overseas pharmacy claims submitted will be processed in accordance with the reimbursement formulas for TRICARE CONUS claims 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 **(insert contractor mailing address)**.

Sincerely,

(Insert Managed Care Contractor Name)

(Insert Managed Care Contractor Title)

