



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
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TRICARE
MANAGEMENT ACTIVITY

MB&RB

**CHANGE 57
6010.57-M
NOVEMBER 10, 2011**

**PUBLICATIONS SYSTEM CHANGE TRANSMITTAL
FOR
TRICARE POLICY MANUAL (TPM), FEBRUARY 2008**

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

CHANGE TITLE: FISCAL YEAR (FY) 2012 REIMBURSEMENT UPDATES

CONREQ: 15614

PAGE CHANGE(S): See page 2.

SUMMARY OF CHANGE(S): This change provides FY 2012 annual updates to the TRM for Ambulatory Surgery Center (ASC) rates, Diagnosis Related Group (DRG) rates, Hospice rates, Skilled Nursing Facility (SNF) Prospective Payment System (PPS) Rate and Wage Index to include updates for Extended Care Health Option (ECHO) Home Health Care (EHHC) reimbursement for inpatient mental health care, partial hospitalization care, and Residential Treatment Center (RTC) care to include 3.0% inpatient PPS market basket update factor.

EFFECTIVE DATE: As listed in the policy.

IMPLEMENTATION DATE: Upon direction of the Contracting Officer.

This change is made in conjunction with Feb 2008 TRM, Change No. 58.

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Chief, Medical Benefits and
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ATTACHMENT(S): 4 PAGE(S)
DISTRIBUTION: 6010.57-M

CHANGE 57
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REMOVE PAGE(S)

CHAPTER 9

Section 15.1, pages 21 through 23

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individuals providing such services. The totals will be entered on separate lines of the CMS 1500 (08/2005).

6.7.10 The following, although required to be included in the POC and when provided by the HHA, will be itemized billed separately from the allowed HHC services and will be cost-shared through the TRICARE Basic Program or the ECHO as appropriate. The amount reimbursed for these items do not accrue to the EHC fiscal year benefit cap established under [paragraph 6.8](#).

- Rental or purchase of durable equipment and durable medical equipment;
- FDA-approved injectable drugs for osteoporosis;
- Pneumococcal pneumonia, influenza virus and hepatitis B vaccines;
- Oral cancer drugs and antiemetics;
- Orthotics and prosthetics;
- Ambulance services operated by the HHA;
- Enteral and parenteral supplies and equipment; and
- Other drugs and biologicals administered by other than oral method.

6.8 Reimbursement

Reimbursement for the services described in this issuance will be made on the basis of allowable charges or negotiated rates between the MCSCs and the HHAs.

6.8.1 Benefit cap. Coverage for the EHC benefit is capped on a fiscal year basis.

6.8.2 Basis of the cap. The purpose of the EHC benefit is to assist eligible beneficiaries in remaining at their primary residence rather than being confined to institutional facilities, such as a SNF or other acute care facility. Therefore, TRICARE has determined that the appropriate EHC benefit cap is equivalent to what TRICARE would reimburse if the beneficiary was in a SNF.

6.8.2.1 Annually, the MCSCs will calculate the EHC cap for each beneficiary's area of primary residence as follows:

6.8.2.1.1 Obtain the annual notice, published in the **Federal Register**, of the CMS PPS and Consolidated Billing for SNFs--Update for the upcoming fiscal year. (From time to time the update notice may be known by another name but will contain the same information.)

Note: Although CMS periodically publishes updates to the SNF rates during any given fiscal year, those will not be used to calculate the EHC cap. Only the SNF reimbursement rates in effect on October 1 of each year will be used to calculate the EHC cap for the fiscal year beginning on that date.

6.8.2.1.2 From the "Table 6. RUG-IV Case-Mix Adjusted Federal Rates for Urban SNFs by Labor and Non-Labor Component", determine the highest cost RUG-IV category;

6.8.2.1.3 Multiply the labor component obtained in [paragraph 6.8.2.1.2](#) by the "Table A. FY 2012 Wage Index for Urban Areas Based on CBSA Labor Market Areas" value corresponding to the beneficiary's location;

6.8.2.1.4 Sum the non-labor component from [paragraph 6.8.2.1.2](#) and the adjusted labor component from [paragraph 6.8.2.1.3](#); the result is the beneficiary's EHC per diem in that location;

6.8.2.1.5 Multiply the per diem obtained in [paragraph 6.8.2.1.4](#) by 365 (366 in leap year); the result is the beneficiary's fiscal year cap for EHC in that location.

6.8.2.1.6 For beneficiary's residing in areas not listed in Table A, use "Table 7. RUG-IV Case-Mix Adjusted Federal Rates for Rural SNFs by Labor and Non-Labor Component" and "Table B. FY 2012 Wage Index Based on CBSA Labor Market Areas for Rural Areas" and adjust similarly to [paragraphs 6.8.2.1.3](#) through [6.8.2.1.5](#) to determine the EHC cap for beneficiaries residing in rural areas.

Note: See [Addendum A](#) for an example of the EHC cap based on the FY 2012 rates published in the **Federal Register** on [August 8, 2011 \(76 FR 48486\)](#).

6.8.2.2 Beneficiaries who seek EHC at any time during the fiscal year will have their cap calculated as above and prorated by month for the remaining portion of that fiscal year.

6.8.2.3 The maximum amount reimbursed in any month for EHC services is the amount authorized in accordance with the approved POC and based on the actual number of hours of HHC provided and billed at the allowable charge or the negotiated rate. In no case will the amount reimbursed for any month of EHC exceed one-twelfth (1/12) of the annual fiscal year cap established under [paragraph 6.8.2.1](#) and as adjusted for the actual number of days in the month during which the services were provided.

6.8.2.4 Beneficiaries who move will have their cap recalculated to reflect the wage index for their new location. The maximum amount reimbursed in the remaining months of that fiscal year for EHC services will reflect the re-calculated EHC cap.

6.8.2.5 The cost for EHC services does not accrue to the maximum monthly or fiscal year Government cost-shares indicated in [Section 16.1](#).

6.8.3 The sponsor's cost-share for EHC services will be as indicated in [Section 16.1](#).

7.0 EXCLUSIONS

7.1 Basic program and the ECHO Respite Care benefit (see [Section 12.1](#)).

7.2 EHC services will not be provided outside the beneficiary's primary residence.

7.3 EHC services and EHC respite care services are not available for the purpose of covering primary caregiver(s) absences due to deployment, employment, seeking employment, or to pursue education. Except for those excluded activities, this exclusion does not otherwise restrict or prohibit the primary caregiver(s) from engaging in other activities they choose, including those outside the beneficiary's primary residence.

7.4 EHC services and supplies can be provided only to the eligible beneficiary, that is, such services will not be provided to or on behalf of other members of the beneficiary's family nor other individuals who reside in or are visiting in the beneficiary's primary residence.

TRICARE Policy Manual 6010.57-M, February 1, 2008

Chapter 9, Section 15.1

ECHO Home Health Care (EHC)

7.5 EHC services and supplies are excluded from those who are being provided continuing coverage of HHC as participants of the former Individual Case Management Program for Persons with Extraordinary Conditions (ICMP-PEC) or previous case management demonstrations.

8.0 EFFECTIVE DATE

September 1, 2005.

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ECHO Home Health Care (EHC) Benefit

The following example illustrates the process of calculating the maximum fiscal year benefit for EHC as described in [Section 15.1, paragraph 6.8](#).

This example is based on the Fiscal Year (FY) 2012 rates for the Medicare Program; Prospective Payment System (PPS) and Consolidated Billing for Skilled Nursing Facilities (SNFs) for FY 2012; Notice published by the Centers for Medicare and Medicaid Services (CMS) in the **Federal Register** on [August 8, 2011](#) (76 FR 48486).

STEP	DESCRIPTION	URBAN ¹	RURAL ²
1	Tables 6 and 7 Highest RUG-IV Category	RUX	RUX
2	Tables 6 and 7 Labor Component of RUX	506.32	518.02
3	Tables A and B Wage Index	1.6878	1.3962
4	Adjusted Labor Component (Step 2 x Step 3)	854.57	723.26
5	Tables 6 and 7 Non-Labor Component	230.76	236.09
6	Total RUX Daily Rate (Step 4 + Step 5)	1,085.33	959.35
7	Total FY EHC Benefit (Step 6 x 365) ³	396,145.45	350,162.75

¹ Beneficiary resides in San Jose, CA (Core Based Statistical Area (CBSA) Code 41940).
² Beneficiary resides in rural Massachusetts (State Code 22).
³ 366 in Leap Year.

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