

Chapter 1

Section 35

Professional Provider Reimbursement In Specified Locations Outside The 50 United States (U.S.) And The District Of Columbia

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1.0 APPLICABILITY

This policy is mandatory for reimbursement of providers of professional services in specified locations outside the 50 U.S. and the District of Columbia. This policy revises, replaces, and supersedes the current reimbursement policies for professional reimbursement, effective March 2004, in the Philippines. The Commonwealth of Puerto Rico, the U.S. Virgin Islands, American Samoa, the Northern Mariana Islands, and Guam follow the reimbursement methodologies used for the 50 U.S. and the District of Columbia. Aeromedical evacuation reimbursement for the Commonwealth of Puerto Rico and the U.S. territories will continue to be at billed charges, unless otherwise directed by the Government.

2.0 ISSUE

How are providers of professional services in locations specified in [paragraph 4.1](#) reimbursed?

3.0 POLICY

3.1 The term “allowable charge” is the maximum amount TRICARE will reimburse for covered health care services:

3.2 The allowable charge is the lowest of: (a) the actual billed charge or (b) the maximum allowable charge. The maximum allowable charge is developed prospectively and utilizes the U.S. National CHAMPUS Maximum Allowable Charge (CMAC) which incorporates Relative Value Units (RVUs). For any covered service, the U.S. National CMAC rate is multiplied by a country specific index factor. This standardizes the U.S. National CMAC for that country and thus represents the maximum allowable TRICARE will reimburse in that country for that service.

4.0 BACKGROUND

4.1 Reimbursement Systems

4.1.1 Locations Affected. This payment system applies to covered professional services delivered in all designated locations outside the 50 U.S. and the District of Columbia. The designated locations are:

- The Philippines.
- Panama.
- Other as designated by the Government.

4.1.2 Applicability. This payment system will be applied by the foreign claims processor. It applies to professional services furnished to retirees or their eligible family members or non-Prime Active Duty Family Members (ADFM) falling under the claims processing jurisdiction of the foreign claims processor.

4.2 General Methodology

4.2.1 Payment for non-ancillary professional services, in specified locations outside the 50 U.S. and the District of Columbia, are made utilizing the lesser of (a) billed charges or (b) prospectively determined rates that multiplies the U.S. National CMAC rates by a country specific index factor. The U.S. National CMAC rates are comprised of approximately 7,000 Current Procedural Terminology (CPT) codes. Each CPT code associates with an established CMAC rate. There are a limited number of CPT codes that do not have a U.S. National CMAC established. If these CPT codes are billed to the TRICARE program, they shall be reimbursed at billed charges. The U.S. National CMAC rates utilized in specified locations outside the 50 U.S. and the District of Columbia are paid at "the site of service" location of physicians' office without regard of the actual location where the service is delivered. This site of service location (physicians' office) represents the highest reimbursement allowed for all physicians. For example, should a physician, in a specified location outside the 50 U.S. and the District of Columbia, deliver a service in the emergency room, his payment will be based on the CPT code submitted, and paid at the site of service level of physician office (the highest). Each CPT code rate is multiplied by a specific country index factor and represents the maximum allowed to be paid to professional providers in designated locations outside the 50 U.S. and the District of Columbia.

4.2.2 The payment rates are all inclusive. An eligible and a representative procedure code or narrative description must be submitted by the provider or developed by the overseas claims processor.

4.3 Country Specific Index

The country specific index factor is obtained from the World Bank's International Comparison Program. The index factor, known as Purchasing Power Parity (PPP) conversion factor, is based upon a large array of goods and services or market basket within a specific country which is then standardized and weighted to a U.S. standard and currency. The World Bank defines PPP conversion factor as: "Number of units of a country's currency required to buy the same amount of goods and services in the domestic market that a U.S. dollar would buy in the U.S." The use of a country specific index enables a

conversion and therefore parity between the U.S. and the specific country in the purchasing of the same amount and type of medical services. TRICARE is utilizing the World Bank's International Comparison Program country specific index as provided in [Figure 1.35-1](#).

4.4 Updating Professional Payment Rates

Annually, the Policy and Statistical Analysis Services contractor shall calculate the U.S. National CMAC rates. The data will contain each CPT code, a short description, a U.S. National payment rate, as well as the effective date. On an annual basis, the U.S. National CMAC may increase or decrease as determined by TRICARE. This contractor shall separately supply to the Defense Health Agency (DHA) the country specific index every year or as dictated by the World Bank's International Comparison program or as determined by TRICARE, which will be included in [Figure 1.35-1](#). The above contractor shall also provide the country specific index adjusted CMAC files, and any updates or corrections, electronically to DHA, which will be provided to the overseas claims processor at least annually, or as specifics may dictate. For those codes that contain a technical as well as professional component, each component shall have a separate supplied payment rate. Updates, additions, changes, revisions or deletions to the CPT codes or country specific index or CMACs will be communicated to the overseas claims processor and shall be considered as routine updates to this payment system and processed under TRICARE Operations Manual (TOM), [Chapter 1, Section 4, paragraph 2.4](#). The adjusted per diems will be available at: <http://www.health.mil/Military-Health-Topics/Business-Support/Rates-and-Reimbursement/Foreign-Rates>.

4.5 Beneficiary Eligibility - Change in Eligibility Status

Since the payment is on a date of service basis, the professional, and other charges shall be paid for all dates of service that the beneficiary is TRICARE eligible and denied for all dates of services the beneficiary is not TRICARE eligible.

4.6 Beneficiary Cost-Shares

Beneficiary cost-shares are contained in [Chapter 2, Section 1](#), and shall be applicable to TRICARE's applicable professional allowable charges.

4.7 The overseas claims processor and the overseas contractor shall maintain the current year and two immediate past years' iterations of the country specific index adjusted CMAC CPT rates.

4.8 Ancillary Services

Effective January 1, 2013, ancillary services in Panama shall be paid using the **lesser of billed charges or 250% of the U.S. National CMAC**.

TRICARE Reimbursement Manual 6010.61-M, April 1, 2015

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FIGURE 1.35-1 COUNTRY SPECIFIC INDEX FACTORS

| | COUNTRY SPECIFIC INDEX FACTOR | EFFECTIVE |
|-------------|-------------------------------|------------------|
| 2008 | | |
| Philippines | 0.52 | November 1, 2008 |
| Panama | 0.70 | February 1, 2009 |
| 2012 | | |
| Philippines | 0.57 | December 1, 2012 |
| Panama | 0.70 | December 1, 2012 |

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