

## LETTER TO SKILLED NURSING FACILITY (SNF) RE: NEW PARTICIPATION AGREEMENT

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Date \_\_\_\_\_

Administrator  
SNF Name  
Address

Effective October 1, 2001, TRICARE (Formally known as CHAMPUS) became a secondary payer to Medicare for approximately 1.5 million Medicare-eligible DoD health care beneficiaries. On December 28, 2001, President Bush signed the National Defense Authorization Act of Fiscal Year 2002 (Pub.L. 107-107). This legislation has three important provisions for SNF providers:

- First, with one exception, the legislation revised the TRICARE Skilled Nursing Facility (SNF) benefit so that it is identical to the Medicare SNF benefit. Like Medicare, the TRICARE SNF benefit will now require a qualifying 3-day prior hospitalization. The skilled services must meet the Medicare coverage rules and be for a medical condition that was either treated during the qualifying 3-day hospital stay, or started while the beneficiary was already receiving Medicare-covered SNF care. The one exception is that, unlike Medicare, the TRICARE benefit for a spell of illness will be unlimited. After exhaustion of the Medicare benefit, TRICARE will become the primary payer if the beneficiary does not have other health insurance.

- Second, the legislation requires that the TRICARE program adopt the Medicare SNF prospective payment system (PPS) payment methods and rates, including Minimum Data Set (MDS) assessments, Resource Utilization Group (RUG) - III classifications, and Medicare weights and per diem rates. Both of these provisions will take effect for SNF admissions on or after (TBD). Children under age 10 on the date of SNF admission will not be subject to MDS assessments and SNF PPS. Critical Access Hospital swing beds will not be subject to MDS assessments and SNF PPS. Unless required by their Memorandum of Understanding or the Provider Agreement, VA facilities will not be subject to MDS assessments and SNF PPS. Facilities in Puerto Rico, Guam, the Virgin Islands, and American Samoa will be subject to MDS assessments and SNF PPS.

- Third, the recently signed legislation requires that SNF providers enter into a new Participation Agreement with TRICARE if they wish to be considered to be an authorized TRICARE provider. This agreement will require that TRICARE-participating SNFs will not charge a beneficiary any amount above the TRICARE allowed amount. Beneficiaries are financially responsible only for co-insurance amounts and services not covered by TRICARE. SNFs will be required to use the same certification forms for TRICARE beneficiaries as they are required to use for Medicare beneficiaries. SNFs will be in violation of their TRICARE participation agreements if they discriminate against the TRICARE beneficiary in their admission practices or in delivery of medically necessary services due to the level of

payment. Accordingly, attached with this cover letter is a TRICARE SNF Participation Agreement for your signature. Please sign and return this agreement within 15 calendar days from the date of this letter to facilitate prompt claims processing. All SNFs must sign and return this agreement if they wish to have TRICARE pay for the care of TRICARE beneficiaries. Claims for non-authorized SNFs will be denied.

There are four other changes for TRICARE SNF providers. First, SNFs must use 21x bill type and Revenue Code 022 on all TRICARE SNF PPS claims. Second, a Health Insurance Prospective Payment System (HIPPS) code must also be put on the PPS claim. This is a five-digit code. The first three digits are an alpha/numeric code identifying the RUG III classification. The last two digits are the indicators of the reason for the MDS assessment. Up to 100 days in a benefit period, SNFs will use the same HIPPS codes for TRICARE patients as used under Medicare. After the 100th SNF day in a benefit period, for TRICARE patients, SNFs will use an appropriate three-digit RUG-III code with a TRICARE-specific two-digit modifier that makes up the HIPPS code. The TRICARE-specific two-digit modifiers will be as follows:

|   |    |
|---|----|
| 120-day assessment. . . . .                             | 8A |
| 150-day assessment. . . . .                             | 8B |
| 180-day assessment. . . . .                             | 8C |
| 210-day assessment. . . . .                             | 8D |
| 240-day assessment. . . . .                             | 8E |
| 270-day assessment. . . . .                             | 8F |
| 300-day assessment. . . . .                             | 8G |
| 330-day assessment. . . . .                             | 8H |
| 360-day assessment. . . . .                             | 8I |
| Post 360-day assessments with 30-day interval . . . . . | 8X |

Third, under SNF PPS, all SNF claims (21X bill type) must contain a line item listing (by revenue code) of all services rendered to the SNF inpatient resident during the dates of service on the claim. As under Medicare, SNFs are responsible for making payment to those contractors who have provided services to their TRICARE beneficiaries. The SNF must pay for any service provided to a TRICARE beneficiary by an outside supplier unless that service is excluded from consolidated billing by statute.

Fourth, under SNF PPS, SNFs will continue to be responsible for performing the resident assessment every 30 days after the 90th day using the MDS assessment form, for determining the medical necessity of services, for contracting with outside suppliers, for managing Certificates of Medical Necessity (CMN) from suppliers, and for making appropriate payment to contractors for services rendered to SNF patients. The 'Significant Change in Status Assessments' or 'Significant Correction of Prior Assessments' as applied under Medicare will also apply to these assessments under TRICARE. The SNFs shall use the default HIPPS rate code on the claim in case of an off-schedule or late patient assessment.

The SNF benefit and PPS provisions will also apply to those TRICARE beneficiaries who are not Medicare-eligible.

If you have any questions, please contact \_\_\_\_\_, telephone number \_\_\_\_\_.

Name  
Title  
MCS Contractor Name  
Address

Enclosure:  
SNF Participation Agreement

**SKILLED NURSING FACILITY (SNF) PARTICIPATION AGREEMENT**

**Agreement Between TRICARE  
And**

\_\_\_\_\_ **(Provider)**

**doing Business as (DBA)** \_\_\_\_\_

TRICARE Provider ID/Number \_\_\_\_\_  
(To be completed by TRICARE Contractor)

Medicare Provider No. \_\_\_\_\_  
(To be completed by SNF)

In order to receive payment under 32 Code of Federal Regulations (CFR) Part 199,  
\_\_\_\_\_ DBA

\_\_\_\_\_ as the Provider of skilled nursing services,  
agrees to conform to the provisions of 32 CFR 199 and applicable provisions in TRICARE Manuals and  
applicable Medicare provisions in 42 CFR.

This Agreement, upon submission by the Provider of skilled nursing services of acceptable assurance  
of compliance with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973  
as amended, and upon acceptance by TRICARE, shall be binding on the Provider of skilled nursing  
services and TRICARE.

The Provider of skilled nursing services certifies that:

- a. The Provider is licensed by the State having jurisdiction for the Provider's area.
- b. The Provider is Medicare (or Medicaid) certified and will continue to maintain this  
certification. If at any time the provider is decertified by Medicare (or Medicaid), the provider agrees  
to notify the TRICARE contractor within 72 hours. Loss of Medicare (or Medicaid) certification will  
nullify this agreement. Note: For pediatric SNFs, Medicaid certification will be acceptable in lieu of  
Medicare certification.
- c. The Provider will not discriminate against the TRICARE beneficiary in their admission  
practices or in delivery of medically necessary services due to the level of payment.
- d. The Provider will use the same certification forms for TRICARE patients as are used and  
required for Medicare (or Medicaid) patients.
- e. The Provider will participate on all TRICARE SNF claims and will accept TRICARE payment  
as the full payment and not balance bill the TRICARE beneficiaries. The Provider will collect the  
applicable cost-share amounts from the TRICARE beneficiaries.

In the event of a transfer of ownership, this Agreement is automatically assigned to the new owner  
subject to the conditions specified in this Agreement and 42 CFR 489, to include existing plans of  
correction and the duration of this Agreement, if the Agreement is time limited.

ACCEPTED FOR THE PROVIDER OF SKILLED NURSING SERVICES BY:

NAME (SIGNATURE)

TITLE

DATE

ACCEPTED BY TRICARE CONTRACTOR (NAME OF TRICARE CONTRACTOR) BY:

NAME (SIGNATURE)

TITLE

DATE

ACCEPTED FOR THE SUCCESSOR PROVIDER OF SKILLED NURSING SERVICES BY:

NAME (SIGNATURE)

TITLE

DATE

- END -