

CHAPTER 13  
SECTION 6.6

## PRICING OF SUPPLEMENTAL HEALTH CARE PROGRAM (SHCP) CLAIMS

Issue Date: April 4, 1991

Authority: [32 CFR 199.16](#)

---

### I. ISSUE

How are claims under the SHCP (formerly Active Duty Claims Program (ADCP)) to be priced?

### II. BACKGROUND

#### A. Active Duty Claims Program - Pricing of Inpatient Claims.

1. According to DoD Appropriations Act, 1989 (P.L. 100-463, Section 8107), claims for services provided to active duty members by civilian hospitals were priced under the ADCP.

2. Under the ADCP inpatient claims were priced in accordance with the same rules applicable to TRICARE. This program was limited to inpatient claims which could be priced under the TRICARE/CHAMPUS DRG-based payment system and to active duty service members who were treated by civilian hospitals. The contractor coded, grouped, and priced active duty DRG claims and furnished the Services with information regarding the DRG pricing of the claims. The Services then issued payment to the hospital based on the DRG pricing information provided by the contractor. Except as provided in Policy Considerations below, the DRG policies and provisions contained in [Chapter 13, Section 6.1A](#) through [Section 6.1J](#) apply to these claims.

#### B. Supplemental Health Care Program - Pricing of Inpatient and Outpatient Claims.

1. The provisions of 10 USC Section 1074(c), authorizes DoD to establish for the SHCP the same payment rules, subject to appropriate modifications, as apply under TRICARE. The SHCP incorporates the former ADCP's pricing of only inpatient services (as outlined in [paragraph II.A.2.](#), above) and expands it to include pricing **and payment of inpatient and** outpatient health care services.

2. The SHCP provides for payment by the **Managed Care Support Contractors to civilian** sector health care providers for both inpatient and outpatient health care services provided to active duty service members of the Uniformed Services and health care services ordered by a Military Treatment Facility (MTF) provider for an MTF patient (who is not an active duty member) for whom the MTF provider maintains responsibility. Although not

part of TRICARE, the SHCP is similar to TRICARE in that it is a program for the Uniformed Services to purchase civilian health care services for active duty members and certain non active duty members. For this reason, the Executive Director, TMA, assists the Uniformed Services in the administration of the SHCP.

### III. POLICY

A. As part of the SHCP, the contractor will price and pay inpatient and outpatient claims for active duty members and other individuals who have been determined to be eligible for coverage under SHCP by a Service Point of Contract (SPOC).

B. See the OPM Part Two, Chapters 9 and 10 for detailed information regarding the payment of these claims.

### IV. POLICY CONSIDERATIONS

A. Payment for capital and direct medical education costs is based on, and very similar to, the procedures contained in Chapter 13, Section 6.1H. The allowable capital and direct medical education costs are the same, as are the required reductions in capital payments. In order to receive payment, the hospital is required to include the necessary information for active duty patients and certain MTF patients (i.e., the number of patient days) as a separate line item on its annual request for payment of TRICARE capital and direct medical education costs. The same indirect medical education adjustment factor used for TRICARE will be used for the SHCP. Since other health insurance is not an issue for the pricing of SHCP claims, payment for capital and direct medical education costs under the Program will be calculated using the following steps.

- Step 1: Determine the ratio of SHCP inpatient days to total inpatient days.
- Step 2: Multiply the ratio from STEP 1 by total allowable capital costs.
- Step 3: Reduce the amount from STEP 2 by the appropriate capital reduction percentage(s).
- Step 4: Multiply the ratio from STEP 1 by the total allowable direct medical education costs.
- Step 5: Combine the amounts from STEP 3 and STEP 4.

The contractor will calculate the capital and direct medical education payment amounts under the SHCP at the same time it calculates the TRICARE payments. Based on the calculations, the contractor will prepare a voucher in accordance with the requirements of the OPM, and send it to the Contract Resource Management Directorate, TMA. The contractor also will notify the provider of the reimbursable amounts it has calculated and that payment will be made by TMA.

B. Any institutional or individual provider that is a participating provider must also be a participating provider for purposes of the SHCP. The provider must accept the TRICARE allowable amount determined pursuant to 32 CFR 199.14, as payment in full for the services

covered by the system. The failure of any provider to comply with this obligation subjects the provider to exclusion as a participating provider.

C. As a general rule, the provisions of **32 CFR 199.14** shall govern payment and administration of claims under the SHCP as they do claims under TRICARE.

D. Special rules and procedures. As exceptions to the general rule in **paragraph IV.C.** above, the special rules and procedures outlined in numbers 1 through 5 below shall govern payment and administration of claims under the SHCP.

1. There is no patient cost sharing under the supplemental care program. All amounts due to be paid to the provider shall be paid by the SHCP.

2. Authorization by the Uniformed Services for each service, except for services in cases of medical emergency, is required. It is the responsibility of the active duty member or MTF patient to obtain authorization for each service. **Except for civilian care rendered to MTF inpatients pursuant to referral by the MTF, civilian care rendered to TRICARE-eligible individuals shall be covered under the appropriate TRICARE program (e.g., Prime or Standard) and not under SHCP.**

3. For providers other than participating providers, the **SPOC, upon approval of a waiver by the Director, TMA,** may authorize payment in excess of TRICARE allowable amounts. No provider may bill an active duty member in excess of the TRICARE allowable amount.

4. **When authorized, services not ordinarily covered under TRICARE may be covered under SHCP.**

5. **When authorized, services rendered by providers who are not TRICARE authorized may be covered.**

#### V. EFFECTIVE DATE

**The policies contained in this section are effective for services occurring on or after October 1, 1999.**

- END -

