

DEPARTMENT OF DEFENSE/FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM DEMONSTRATION PROJECT

1.0. AUTHORITY

1.1. The Fiscal Year (FY) 1999 National Defense Authorization Act (P.L. 105-261) Title VII Subtitle C, signed by the President on October 17, 1998, establishes certain health care services for Medicare-eligible Uniformed Service beneficiaries and certain other beneficiaries. Specifically, section 721 establishes a “demonstration project to evaluate the feasibility of using the Federal Employees Health Benefits Program (FEHBP) to ensure the availability of adequate health care for Medicare-eligible beneficiaries under the military health care system.” The DoD, USCG, NOAA, PHS and the OPM will implement the DoD/FEHBP Demonstration Project to facilitate DoD, USCG, NOAA, and PHS contributions to FEHBP plans on behalf of Military Health System (MHS) beneficiaries. The demonstration project will start coverage of health care services on January 1, 2000, and the health care benefit will expire on December 31, 2002.

1.2. The statute allows a maximum of 66,000 covered lives to be enrolled with the DoD/FEHBP Demonstration Project. Eligible beneficiaries are in four (4) categories:

- Member or former member of the uniformed services described in section 1074(b) of Title 10 who is entitled to Medicare Part A benefits
- Unremarried former spouse of a member or former member described in Section a1072(2)(F) or 1072(2)(G)
- Dependent of a deceased member or former member described in Section 1076(a)(2)(B) or 1076(b) of Title 10 or of a member who died while on active duty for a period of more than 30 days
- Dependent of a living member or former member described in Section 1076(b)(1) of Title 10 who is Medicare Part A eligible regardless of the member’s or former member’s eligibility for Medicare Part A; or a member of the family as defined in Section 8901(5) of Title 5

2.0. BACKGROUND

2.1. Eligible beneficiaries may enroll in an FEHBP plan for self-only or for self and family coverage that includes any dependent of the member or former member who is a family member under section 8901(5) of Title 5. Certain family members are eligible for temporary continuation of coverage (TCC) based on specific qualifying events, as provided by Title II of Public Law 100-654. The eligible beneficiaries must reside within one of the eight demonstration sites.

2.2. In January 1999, DoD and OPM selected eight demonstration sites for participation in the demonstration project. The sites include the following:

- Dover, Delaware
- Commonwealth of Puerto Rico
- Fort Knox, Kentucky
- Greensboro/Winston-Salem/High Point, North Carolina
- Dallas, Texas
- Humboldt County, California
- Camp Pendleton, California
- New Orleans, Louisiana

2.3. *In April 2000, DoD and OPM added two more demonstrations sites for participation in the demonstration project. The sites include the following:*

- *Coffee, Georgia*
- *Adair, Iowa*

3.0. FUNCTIONAL RESPONSIBILITIES

3.1. Information Processing Center (IPC)

3.1.1. The Iowa Foundation for Medical Care (IFMC) is the contracted Information Processing Center (IPC), which will perform enrollment and support premium and information flows between beneficiaries and the Government. The IPC will communicate with beneficiaries, the DoD, USCG, NOAA, PHS systems, OPM Macon hub, and the FEHBP contracted health insurance carriers. Upon being contacted by DoD/FEHBP Demonstration Project applicants, the IPC shall conduct initial eligibility screening. The IPC shall provide the applicant a health benefits enrollment form SF 2809, plan brochures as requested, instructions, and a rate sheet.

3.1.2. The IPC is responsible for enrollment processing, coordination of premium collection, temporary continuation of coverage (TCC) data communication, and data reporting.

3.2. Managed Care Support Contractors (MCSC)

The Managed Care Support Contractors provide health care coverage for MHS beneficiaries. However, DoD/FEHBP Demonstration Project enrollees are prohibited from receiving care through the MHS direct care system (unless on an emergency basis outside the defined area of service) or from civilian sources of purchased care such as NMOP, USFHP, TRICARE Senior Pharmacy benefit program, or MCSCs. The MCSCs shall identify FEHBP enrollees from DEERS by the existence of an Alternate Care Value of "I" and shall deny TRICARE claims on the basis that the patient is not TRICARE eligible. There are no unique data requirements for the MCSCs in support of the DoD/FEHBP Demonstration.