

## HOSPITAL REIMBURSEMENT IN THE PHILIPPINES

ISSUE DATE: September 9, 2004

AUTHORITY: [32 CFR 199.1\(b\)](#) and [32 CFR 199.14\(m\)](#)

---

### I. APPLICABILITY

This policy is mandatory for reimbursement of medical, surgical, and children's hospital inpatient services provided in the Philippines.

### II. ISSUE

How are Philippine-based inpatient hospital services reimbursed?

### III. BACKGROUND

#### Reimbursement Systems:

A. General. Payment for hospital inpatient services shall be made using prospectively determined per diem rates. The per diem rates were developed into a rate system similar to the Medicare/TMA ASC grouper rates. The per diem rates are the maximum TRICARE allowable costs on which the Government and patient cost-shares are calculated for Philippine inpatient hospital services.

B. Applicability. This payment system applies to all hospitals providing services in the Philippines. Institutional providers are required to participate on all care, services, supplies and inpatient claims. This payment system is to be used regardless of the hospital service provided. The prospectively determined per diem rates established under this system are all inclusive and are intended to include, but not be limited to, a standard amount for nursing and technician services; room, board and meals; drugs including any take home drugs; biologicals; surgical dressings, splints, casts; surgical procedures and equipment related to the provision of surgical procedures; laboratory; X-ray or other diagnostic procedures directly related to the inpatient episode; special unit operating costs, such as intensive care units; malpractice costs related to the services furnished to the patients, administrative recordkeeping; and housekeeping items and services.

The per diem rates do not include such items as physicians' fees, irrespective of a physician's employment status with the hospital. The per diem rates do not include other professional providers authorized by TRICARE who render inpatient services and bill independently for them.

**TRICARE REIMBURSEMENT MANUAL 6010.55-M, AUGUST 1, 2002**

CHAPTER 1, SECTION 34

HOSPITAL REIMBURSEMENT IN THE PHILIPPINES

---

C. Exceptions. None.

D. Institutional Payment Rates.

1. TMA shall calculate the group payment rates and provide them electronically to the appropriate MCSC. The data will contain a locally compensated payment rate for each group; identify the first three digits of the primary diagnosis codes in each group, as well as the effective date. Additions or deletions to the listing of diagnosis codes will be communicated to the contractor as they occur.

2. The rate setting methodology was developed as follows:

- a. A tiered rate system similar to the Medicare/TMA ASC grouper rates.
- b. Ten diagnosis groups based upon the median charge per day for 3 digit diagnosis groups.
- c. Rates were calculated from actual claims data over a one-year period.
- d. Diagnosis-code groups were separated into 10 fairly homogenous payment groups.
- e. Payment rate for each of the resulting diagnosis-code groups was set at the median charge for that group.
- f. Claims data showing a diagnosis code with fewer than 50 inpatient days per year or fewer than eight inpatient stays per year were segregated from the data and used to form Group 11. Group 11 represents the "all other" payment group.
- g. Within each distinct grouping, the diagnosis code median charges were arrayed in descending order.
- h. Group payment rates calculated using one overall day-weighted median charge per day for the group.

E. Payments.

1. General. The per diem group payment rate will be based on the first three digits of the primary diagnosis code. The TRICARE allowable charge and amount reimbursed for Philippine hospital inpatient care shall be the lesser of:

- a. Actual billed charges for hospital inpatient care or:
  - b. The TRICARE allowable cost (per diem group rate).
2. Only the primary diagnosis code will be taken into consideration when determining group payment rate. There is no provision to reimburse multiple diagnoses.

**TRICARE REIMBURSEMENT MANUAL 6010.55-M, AUGUST 1, 2002**

CHAPTER 1, SECTION 34

HOSPITAL REIMBURSEMENT IN THE PHILIPPINES

F. Beneficiary Eligibility - Change in Eligibility Status. Since payment is on a per diem basis, the hospital claim shall be paid for the days the beneficiary is TRICARE eligible and denied for the days that the patient is not TRICARE eligible.

G. Beneficiary Cost-Shares. Inpatient cost shares as contained in [Chapter 2, Section 1](#), shall be applicable to TRICARE's Philippine hospital allowable charge.

H. Updating Payment Rates. The payment rates will be updated annually by TMA by the same update factor used in the Medicare annual update factor for hospitals. Rates shall be updated at the beginning of each fiscal year.

I. Institutional Payment Rate Table. See [Figure 1-34-1](#).

IV. EFFECTIVE DATE

For Hospital Inpatient services on or after October 1, 2004.

**FIGURE 1-34-1 PHILIPPINES PER DIEM PAYMENT GROUPINGS**

PRIMARY DIAGNOSIS CODE	DESCRIPTION	FY05 GROUP PER DIEM RATE
<b>GROUP 1</b>		
V30	Childbirth (child)	\$200
304	Drug Dependency	
295	Psychoses	
784	Symptoms involving head and neck	
650	Delivery (completely normal)	
<b>GROUP 2</b>		
485	Bronchopneumonia	\$604
465	Acute upper respiratory	
427	Cardiac dysrhythmias	
789	Symptoms involving abdomen and pelvis	
011	Tuberculosis	
715	Osteoarthritis	
<b>GROUP 3</b>		
533	Peptic ulcer	\$663
490	Bronchitis (chronic)	
590	Kidney infection	
599	Other disorders of urinary tract	
787	Symptoms involving digestive system	
466	Bronchitis (acute)	

**TRICARE REIMBURSEMENT MANUAL 6010.55-M, AUGUST 1, 2002**

CHAPTER 1, SECTION 34

HOSPITAL REIMBURSEMENT IN THE PHILIPPINES

**FIGURE 1-34-1 PHILIPPINES PER DIEM PAYMENT GROUPINGS (CONTINUED)**

PRIMARY DIAGNOSIS CODE	DESCRIPTION	FY05 GROUP PER DIEM RATE
<b>GROUP 4</b>		
486	Pneumonia	\$823
002	Typhoid	
463	Tonsillitis	
558	Other non-infective gastroenteritis or colitis	
006	Amebiasis	
<b>GROUP 5</b>		
535	Gastritis and duodenitis	\$922
493	Asthma	
005	Bacterial food poisoning	
780	General symptoms	
401	Essential hypertension	
061	Dengue	
<b>GROUP 6</b>		
	All other 3-digit diagnoses codes not identified in other groups.	\$1,107
<b>GROUP 7</b>		
250	Diabetes	\$1,242
065	Arthropod-borne hemorrhagic fever	
786	Respiratory symptoms	
600	Prostate hyperplasia	
<b>GROUP 8</b>		
592	Kidney stone	\$1,388
536	Stomach disorders	
722	Intervertebral disc disorder	
402	Hypertensive heart disease	
272	Lipoid metabolism	
<b>GROUP 9</b>		
496	Chronic airway obstruction	\$1,815
571	Chronic liver disease, cirrhosis	
<b>GROUP 10</b>		
414	Chronic ischemic heart disease	\$2,033
574	Cholelithiasis	

TRICARE REIMBURSEMENT MANUAL 6010.55-M, AUGUST 1, 2002

CHAPTER 1, SECTION 34

HOSPITAL REIMBURSEMENT IN THE PHILIPPINES

FIGURE 1-34-1 PHILIPPINES PER DIEM PAYMENT GROUPINGS (CONTINUED)

PRIMARY DIAGNOSIS CODE	DESCRIPTION	FY05 GROUP PER DIEM RATE
<b>GROUP 11</b>		
218	Uterine leiomyoma	\$3,529

- END -

