

PARTICIPATION AGREEMENT FOR FREESTANDING OR  
INSTITUTION-AFFILIATED BIRTHING CENTER MATERNITY CARE  
SERVICES

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FACILITY

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ADDRESS

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ADDRESS

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TELEPHONE

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TRICARE/CHAMPUS ASSIGNED BILLING NUMBER

TRICARE Management Activity (TMA)  
16401 East Centretch Parkway  
Aurora, Colorado 80011-9066



**TRICARE POLICY MANUAL 6010.54-M, AUGUST 1, 2002**  
CHAPTER 11, ADDENDUM C  
PARTICIPATION AGREEMENT FOR FREESTANDING OR INSTITUTION-AFFILIATED BIRTHING CENTER  
MATERNITY CARE SERVICES

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**ARTICLE 1**

**RECITALS**

1.1 IDENTIFICATION OF PARTIES

This Participation Agreement is between the United States of America through the Department of Defense, TRICARE Management Activity (hereinafter TMA), a field activity of the Office of the Secretary of Defense, the administering activity for the TRICARE/Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) and \_\_\_\_\_, doing business as \_\_\_\_\_, (hereinafter designated birthing center or BC).

1.2 AUTHORITY FOR BIRTHING CENTER (BC) CARE

The implementing regulations for the TRICARE, 32 Code of Federal Regulations Part 199, provides that the TRICARE/CHAMPUS may share the cost of maternity care usual for a low-risk pregnancy and uncomplicated birth provided by a BC under certain conditions.

1.3 INTENT OF AGREEMENT.

It is the intent of this participation agreement to recognize the undersigned BC as a TRICARE/CHAMPUS authorized provider of certain maternity care services, subject to the terms and conditions of this agreement.

**ARTICLE 2**

**DEFINITIONS**

2.1 ADMISSION

The formal acceptance by a TRICARE/CHAMPUS authorized institutional provider of a TRICARE/CHAMPUS beneficiary for the purpose of diagnosis and treatment of illness, injury, pregnancy, or mental disorder.

2.2 AUTHORIZED TMA REPRESENTATIVES

The authorized representative(s) of the Executive Director, TMA, may include, but are not limited to, TMA staff, Department of Defense personnel, Health and Human Services audit staff and TMA contractors, including contractor consultants, such as private sector accounting/audit firm(s).

2.3 BACK-UP HOSPITAL

A hospital which is otherwise eligible as a TRICARE/CHAMPUS institutional

## TRICARE POLICY MANUAL 6010.54-M, AUGUST 1, 2002

### CHAPTER 11, ADDENDUM C

#### PARTICIPATION AGREEMENT FOR FREESTANDING OR INSTITUTION-AFFILIATED BIRTHING CENTER MATERNITY CARE SERVICES

---

provider and which is fully capable of providing emergency care to a patient who develops complications beyond the scope of services of a given category of TRICARE/CHAMPUS-authorized freestanding institutional provider and which is accessible from the site of the TRICARE/CHAMPUS-authorized freestanding institutional provider within an average transport time acceptable for the types of medical emergencies usually associated with the type of care provided by the freestanding facility.

#### 2.4 BILLING NUMBER

The unique number assigned to a specific birthing center by the contractor which is used by the birthing center to identify all claims for reimbursement from the TRICARE/CHAMPUS.

#### 2.5 BIRTHING CENTER

A birthing center is a freestanding or institution-affiliated outpatient maternity care program which principally provides a planned course of outpatient prenatal care and outpatient childbirth service limited to low-risk pregnancies; excludes care for high-risk pregnancies; limits childbirth to the use of natural childbirth procedures; and provides immediate newborn care.

#### 2.6 BIRTHING ROOM

A room and environment designed and equipped to provide care, to accommodate support persons, and within which a woman with a low-risk, normal, full-term pregnancy can labor, deliver and recover with her infant.

#### 2.7 DISCHARGE

A discharge occurs at the time that the BC formally releases the beneficiary-patient from patient status; or when the beneficiary-patient is admitted to an acute medical hospital upon transfer from the BC.

#### 2.8 FREESTANDING

Not "institution-affiliated" or "institution-based".

#### 2.9 HIGH-RISK PREGNANCY

A pregnancy is high-risk when the presence of a currently active or previously treated medical, anatomical, physiological illness or condition may create or increase the likelihood of a detrimental effect on the mother, fetus, or newborn and presents a reasonable possibility of the development of complications during labor or delivery.

#### 2.10 INSTITUTION-AFFILIATED

Related to a TRICARE/CHAMPUS-authorized institutional provider through a

**TRICARE POLICY MANUAL 6010.54-M, AUGUST 1, 2002**  
CHAPTER 11, ADDENDUM C  
PARTICIPATION AGREEMENT FOR FREESTANDING OR INSTITUTION-AFFILIATED BIRTHING CENTER  
MATERNITY CARE SERVICES

---

shared governing body but operating under a separate and distinct license or accreditation.

2.11 INSTITUTION-BASED

Related to a TRICARE/CHAMPUS-authorized institutional provider through a shared governing body and operating under a common license and shared accreditation.

2.12 JURISDICTIONAL CONTRACTOR

The TRICARE/CHAMPUS contractor responsible for the geographic area in which the birthing center is located.

2.13 LOW-RISK PREGNANCY

A pregnancy is low-risk when the basis for the ongoing clinical expectation of a normal uncomplicated birth, as defined by reasonable and generally accepted criteria of maternal and fetal health, is documented throughout a generally accepted course of prenatal care.

2.14 MOST-FAVORED RATE

The lowest usual charge to any individual or third-party payer in effect on the date of the admission of a TRICARE/CHAMPUS beneficiary.

2.15 NATURAL CHILDBIRTH

Childbirth without the use of chemical induction or augmentation of labor or surgical procedures other than episiotomy or perineal repair.

**ARTICLE 3**

**PERFORMANCE PROVISIONS**

3.1 GENERAL AGREEMENT

(a) The BC agrees to render maternity care services to eligible TRICARE/CHAMPUS beneficiaries in need of such services, in accordance with this participation agreement and the TRICARE/CHAMPUS regulation; and,

(b) Participate in TRICARE/CHAMPUS and accept payment for maternity services based upon the reimbursement methodology for birthing centers; and,

(c) Notify the Operations Directorate (DO), TMA, 16401 East Centretech Parkway, Aurora, CO 80011-9066, in writing, within seven (7) calendar days of the emergency transport of any TRICARE/CHAMPUS beneficiary from the center to an acute care hospital or of the death of any TRICARE/CHAMPUS beneficiary in the center.

TRICARE POLICY MANUAL 6010.54-M, AUGUST 1, 2002

CHAPTER 11, ADDENDUM C

PARTICIPATION AGREEMENT FOR FREESTANDING OR INSTITUTION-AFFILIATED BIRTHING CENTER  
MATERNITY CARE SERVICES

---

3.2 BILLINGS

Billings by the BC are subject to all regulatory limits, including but not limited to the requirements that the care be medically necessary.

3.3 ACCREDITATION AND STANDARDS

The BC hereby certifies that:

(a) It is accredited by a nationally recognized accreditation organization whose standards and procedures have been determined to be acceptable by the Executive Director, TMA, or a designee; and,

(b) It is in compliance with TRICARE/CHAMPUS Birthing Center Standards; and,

(c) It is licensed as a birthing center where such license is available, or is specifically licensed as a type of ambulatory health care facility where birthing center specific license is not available; and,

(d) It meets all applicable licensing or certification requirements that are extant in the state, county, municipality, or other political jurisdiction in which the center is located.

3.4 APPOINTMENT OF LIAISONS

The BC shall designate an individual who will act as liaison for TRICARE/CHAMPUS inquiries. The TRICARE/CHAMPUS jurisdictional FI shall be informed in writing of the designated individual.

3.5 QUALITY OF CARE

Under the terms of this agreement, the BC shall:

(a) Assure that each eligible TRICARE/CHAMPUS beneficiary receives care which complies with the underlying standards and requirements in [Article 3.3](#); and,

(b) Provide services in the same manner to TRICARE/CHAMPUS beneficiaries as it provides to all patients to whom it renders services; and

(c) Not discriminate against TRICARE/CHAMPUS beneficiaries in any manner, including admission practices, placement in special or separate wings or rooms, or provisions of special or limited treatment.

**ARTICLE 4**

**PAYMENT PROVISIONS**

4.1 RATE STRUCTURE

(a) Reimbursement for maternity care furnished by an authorized birthing center shall be limited to the lower of the TRICARE/CHAMPUS established all-inclusive rate or the center's most-favored all-inclusive rate.

(b) The all-inclusive rate shall include the following to the extent that they are usually associated with a normal pregnancy and childbirth: laboratory studies, prenatal management, labor management, delivery, post-partum management, newborn care, birth assistant, certified nurse-midwife professional services, physician professional services, and the use of the facility.

(c) The TRICARE/CHAMPUS established all-inclusive rate is equal to the sum of the TRICARE/CHAMPUS area prevailing professional charge for total obstetrical care for a normal pregnancy and delivery and the sum of the average TRICARE/CHAMPUS allowable institutional charges for supplies, laboratory, and delivery room for a hospital inpatient normal delivery.

(d) Extraordinary maternity care services, when otherwise authorized, may be reimbursed at the lesser of the billed charge or the TRICARE/CHAMPUS allowable charge.

(e) Reimbursement for an incomplete course of care will be limited to claims for professional services and tests where the beneficiary has been screened but rejected for admission into the birthing center program, or where the beneficiary has been admitted but is discharged from the birthing center program prior to delivery. These charges will be adjudicated by CHAMPUS as individual professional services and items.

(f) The beneficiary's share of the total reimbursement to a birthing center is limited to the cost-share amount plus the amount billed for noncovered services and supplies.

4.2 TRICARE/CHAMPUS DETERMINED RATE AS PAYMENT IN FULL

(a) The BC agrees to accept the TRICARE/CHAMPUS allowed amount determined pursuant to [Article 4.1](#), above, as the total charge for all-inclusive care for a normal pregnancy and uncomplicated childbirth and for any TRICARE/CHAMPUS approved extraordinary services or items. The BC agrees to accept the TRICARE/CHAMPUS rate even if it is less than the billed amount, and also agrees to accept the amount paid by TRICARE/CHAMPUS, combined with the cost-share amount and deductible, if any, paid by or on behalf of the beneficiary-patient, as full payment for the rendered services and supplies. The BC agrees to make no attempt to collect from the beneficiary-patient (or sponsor), except as provided in [Article 4.4\(a\)](#), amounts for services and supplies in excess of the TRICARE/CHAMPUS allowed amount.

**TRICARE POLICY MANUAL 6010.54-M, AUGUST 1, 2002**

CHAPTER 11, ADDENDUM C

PARTICIPATION AGREEMENT FOR FREESTANDING OR INSTITUTION-AFFILIATED BIRTHING CENTER  
MATERNITY CARE SERVICES

---

(b) TMA agrees to make any benefits payable directly to the BC.

4.3 TRICARE/CHAMPUS AS SECONDARY PAYOR

(a) The BC shall comply with the TRICARE/CHAMPUS provisions for double coverage set forth in [32 CFR 199.8](#). The BC shall submit claims first to all other insurance plans and/or medical service or health plans under which the beneficiary has coverage prior to submitting a claim to TRICARE/CHAMPUS.

(b) Failure to collect first from primary health insurers and/or sponsoring agencies may result in denial or reduction of payment, and, if willful, may be considered a false claim against the government. It may also result in termination by TMA of this agreement pursuant to [Article 7](#).

4.4 COLLECTION OF COST SHARE

(a) The BC agrees to collect from the TRICARE/CHAMPUS beneficiary or the parents or guardian of the TRICARE/CHAMPUS beneficiary only those amounts applicable to the beneficiary cost-share as defined in [32 CFR 199.4](#) and services and supplies which are not a benefit of TRICARE/CHAMPUS.

(b) Failure of the BC to collect or to make diligent effort to collect the beneficiary's cost-share as determined by TRICARE/CHAMPUS policy is a violation of this agreement, which may result in denial or reduction of payment, and, if willful, may be considered a false claim against the United States government. It may also result in termination by TMA of this agreement pursuant to [Article 7](#).

4.5 BENEFICIARY RIGHTS

If the BC fails to abide by the terms of this participation agreement and TMA or its designee either denies the claim or claims and/or terminates the agreement, as a result of the BC's breach, the BC agrees to forego its rights, if any, to pursue the amounts not paid by TRICARE/CHAMPUS from the beneficiary or the beneficiary's family.

**ARTICLE 5**

**RECORDS AND AUDIT PROVISIONS**

5.1 ON-SITE AND OFF-SITE REVIEWS AND AUDITS

The BC grants the Executive Director, TMA [or authorized representative(s)], the right to conduct quality assurance audits or accounting (record) audits with full access to patients and records. The audits may be conducted on a scheduled or unscheduled (unannounced) basis. This right to audit and/or review includes, but is not limited to:



**TRICARE POLICY MANUAL 6010.54-M, AUGUST 1, 2002**  
CHAPTER 11, ADDENDUM C  
PARTICIPATION AGREEMENT FOR FREESTANDING OR INSTITUTION-AFFILIATED BIRTHING CENTER  
MATERNITY CARE SERVICES

---

(a) Examine fiscal and all other records of the BC which would confirm compliance with this agreement and designation as an authorized TRICARE/CHAMPUS BC provider.

(b) Conduct such audits of BC records including clinical, financial, and census records, as may be necessary to determine the nature of the services being provided, and the basis for charges and claims against the United States for services provided TRICARE/CHAMPUS beneficiaries.

(c) Examine reports of evaluations and inspections conducted by federal, state, local government, and private agencies and organizations.

(d) Conduct on-site inspections of the facilities of the BC and to interview employees, members of the staff, contractors, board members, volunteers, and patients, as may be required.

#### 5.2 AUDITED COST REPORTS

Upon request, the BC shall furnish TMA (and authorized designees) audited cost reports certified by an independent auditing agency.

#### 5.3 RECORDS

The BC shall furnish TMA, when requested, such records, including medical records and patient census records, that would allow TMA to determine the quality and cost-effectiveness of care rendered.

#### 5.4 FAILURE TO PROVIDE RECORDS

Failure to allow audits/reviews and/or to provide records constitutes a material breach of this agreement.

### **ARTICLE 6**

#### **NONDISCRIMINATION**

#### 6.1 COMPLIANCE

The BC agrees to comply with provisions of section 504 of the Rehabilitation Act of 1973 (Public Law 93-112; as amended) regarding nondiscrimination on basis of handicap and Title VI of the Civil Rights Act of 1964 (Public Law 88-352).

**ARTICLE 7**

**TERMINATION AND AMENDMENT**

7.1 TERMINATION OF AGREEMENT BY TMA

The Executive Director, TMA, or a designee, may terminate this agreement:

(a) Upon 30 days written notice, for cause, if:

(1) The BC is not complying substantially with the provisions of this agreement or with requirements set forth in the Dependents Medical Care Act, as amended (10 USC 1071-1093), or its implementing regulations; or

(2) The BC no longer meets the conditions of participation established under the Act, its implementing regulations, or the TRICARE/CHAMPUS standards for birthing centers.

(b) Upon 48 hours notice, either written or oral:

(1) In the event that the BC's failure to comply with the TRICARE/CHAMPUS standards for birthing centers presents an immediate danger to life, health or safety.

(2) Based on a determination of provider fraud or abuse, as established by TRICARE/CHAMPUS regulation.

7.2 TERMINATION OF AGREEMENT BY THE BC

The BC may terminate this agreement by giving the Executive Director, TMA, or designee, written notice of such intent to terminate at least 60 calendar days in advance of the effective date of termination.

7.3 AMENDMENT BY TMA

(a) The Executive Director, TMA, or designee, may amend the terms of this participation agreement by giving 120 days notice in writing of the proposed amendment(s).

(b) The BC may, if it concludes it does not wish to accept the proposed amendment(s), terminate its participation as provided for in [Article 7.2](#).

7.4 CLAIMS PROCESSING AND RECOUPMENT

The notice provisions in this article do not limit TMA's authority to suspend claims processing or seek recoupment of claims previously paid.

**ARTICLE 8**

**TRANSFER OF OWNERSHIP**

8.1 ASSIGNMENT BARRED

This agreement is nonassignable.

8.2 NEW AGREEMENT REQUIRED

(a) If there is a change of ownership of a BC as specified in [Article 8.2\(b\)](#), then the new owner, in order to be a TRICARE/CHAMPUS authorized birthing center, must enter into a new agreement with TMA except as provided in [Article 8.2\(c\)](#). The new owner is subject to any existing plan of correction, expiration date, applicable health and safety standards, ownership and financial interest disclosure requirements and any other provisions and requirements of this agreement.

(b) Change of Ownership:

(1) The change in an owner(s) that has (have) 50 percent or more ownership constitutes change of ownership.

(2) The merger of the BC corporation (profit or nonprofit) into another corporation, or the consolidation of two or more corporations, resulting in the creation of a new corporation, constitutes change of ownership. However, transfer of corporate stock or the merger of another corporation into the BC corporation does not constitute change of ownership. The transfer of title to property of the BC corporation to another corporation(s), and the use of that property for the rendering of birthing center care by the corporation(s) receiving it is essential for a change of ownership.

(3) The lease of all or part of an BC or a change in the BC's lessee constitutes change of ownership.

(c) A birthing center contemplating or negotiating a change in ownership must notify TMA in writing at least thirty (30) days prior to the effective date of the change. At the discretion of the Executive Director, TMA, or the Director's designee, this agreement may remain in effect until a new participation agreement can be signed to provide continuity of coverage for beneficiaries.

**TRICARE POLICY MANUAL 6010.54-M, AUGUST 1, 2002**  
CHAPTER 11, ADDENDUM C  
PARTICIPATION AGREEMENT FOR FREESTANDING OR INSTITUTION-AFFILIATED BIRTHING CENTER  
MATERNITY CARE SERVICES

---

**ARTICLE 9**

**GENERAL ACCOUNTING OFFICE**

9.1 RIGHT TO CONDUCT AUDIT

The BC grants the United States General Accounting Office the right to conduct audits.

**ARTICLE 10**

**APPEALS**

10.1 APPEAL ACTIONS

Appeals of TMA actions under this agreement, to the extent they are allowable, will be pursuant to [32 CFR 199.10](#).

**ARTICLE 11**

**EFFECTIVE DATE**

11.1 DATE SIGNED

This participation agreement will be effective on the date signed by the Executive Director, TMA, or a designee.

**TRICARE POLICY MANUAL 6010.54-M, AUGUST 1, 2002**  
CHAPTER 11, ADDENDUM C  
PARTICIPATION AGREEMENT FOR FREESTANDING OR INSTITUTION-AFFILIATED BIRTHING CENTER  
MATERNITY CARE SERVICES

---

**ARTICLE 12**

**AUTHORIZED PROVIDER**

12.1 DATE RECOGNIZED

On the effective date of the agreement, TMA recognizes the BC as an authorized provider for purposes of providing birthing center services to TRICARE/CHAMPUS eligible beneficiaries.

\_\_\_\_\_  
Birthing Center

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed Name

\_\_\_\_\_  
Typed Title

Executed on \_\_\_\_\_, 19 \_\_\_\_

\_\_\_\_\_  
TMA

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed Name

\_\_\_\_\_  
Typed Title

Executed on \_\_\_\_\_, 19 \_\_\_\_

