

OUTSIDE THE 50 UNITED STATES AND THE DISTRICT OF COLUMBIA LOCALITY-BASED REIMBURSEMENT RATE WAIVER

ISSUE DATE: April 7, 2008

AUTHORITY: [32 CFR 199.14\(n\)](#) and [\(o\)](#)

I. APPLICABILITY

A. This policy is mandatory for waiver of TRICARE established reimbursement schedules for professional providers outside the 50 United States and the District of Columbia locations. Reimbursement rate waivers are available to TRICARE eligible beneficiaries in specified locations outside the 50 United States and the District of Columbia where the government has established reimbursement rate schedules. Please reference the TRICARE Reimbursement Manual (TRM), Chapter 1, [Section 35](#).

B. As the commonwealth of Puerto Rico adheres to reimbursement rates used for the 50 United States and the District of Columbia (which align with Medicare's prospective payment systems) please refer the TRM, [Chapter 5, Section 2](#) for the applicable waiver process for Puerto Rico.

II. POLICY

A. Under this reimbursement rate waiver process, a locality-based waivers may be submitted for consideration in the waiver of professional providers receiving TRICARE established reimbursement rates:

1. If it is determined that access to specific health care services is impaired, higher payment rates may be authorized or established, by the Director, TRICARE Management Activity (TMA), for specific services that are covered under TRICARE. For specified areas outside the 50 United States and the District of Columbia, locality waivers are defined geographically as a city or country.

2. When the Director, TMA, or designee, determines beneficiary access to health care services in a locality is impaired, the Director, TMA, or designee, may establish rates, as deemed appropriate and cost efficient by the following methodologies to assure adequate access to healthcare services.

a. A percent factor may be applied or added to the allowed **amount** established by TRICARE under the TRM, Chapter 1, [Section 35](#).

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b. A prevailing charge for a specified location outside the 50 United States and the District of Columbia may be applied. TRICARE may use any appropriate methodology to substantiate and establish prevailing charges.

c. Other appropriate payment schedules, if applicable.

B. All waiver requests for specified locations outside the 50 United States and the District of Columbia shall be submitted to the Director, TRICARE Area Offices (TAOs), to ensure that the TAO agrees with such request and that all available evidence in support of the locality-based waiver request has been submitted for consideration.

C. The procedure to be followed for specified locations outside the 50 United States and the District of Columbia is as follows:

1. The Director, TAO shall validate that the access to care is impaired in localities where the government has established reimbursement schedules.

2. Who can apply:

a. Director, TAO.

b. Providers in the affected specified localities outside the 50 United States and the District of Columbia.

c. Overseas claims processing contractor.

d. TRICARE beneficiaries in the locality.

3. How to apply:

a. Applicant must submit a written waiver request to the Director, TAO. The request must specify the type of waiver the application is for and justify that access to health care services is impaired due to low TRICARE reimbursement rates.

b. Justification for the waiver must include at the minimum:

(1) Total number of providers (primary care, specialty, or other) in a designated locality.

(2) Mix of primary/specialty providers needed to meet patient access standards (refer to the Department of Defense (DoD) access standards. Example, DoD access standards require one Primary Care Physician (PCP) per 1,000 beneficiaries).

(3) Current number of providers who accept or work with TRICARE.

(4) Number of eligible beneficiaries in the locality.

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- (5) A description of any efforts that have been attempted to locate alternative providers of service, as well as the results of those efforts.
- (6) Availability of Military Treatment Facilities (MTFs) and MTF providers, if applicable.
- (7) Geographic characteristics or other unique characteristics.
- (8) Applicable defined cultural issues.
- (9) Cost effectiveness of granting a waiver.
- (10) Provider letters of intent.
- (11) Evidence of the existence and/or evidence of provider acceptance of country specific prevailing fees, usual and customary fees, or commercial fee schedules.
- (12) Other relevant factors, unique to the specified location outside the 50 United States and the District of Columbia.
- (13) Medical Readiness issues.

D. Exceptions.

1. A provider request for beneficiary payment “up front” for health care services or beneficiary payment for higher cost share amounts in specified locations outside the 50 United States and the District of Columbia, shall not be considered as a basis for requesting a locality-based waiver.

2. Any provider who has been placed on Program Integrity Watch by TMA’s Chief, Program Integrity Office, or designee, or the overseas claims processor is not eligible for a reimbursement fee waiver until removed from Program Integrity Watch status.

E. The Director, TAO or designated staff shall conduct a thorough analysis of the information submitted and supply any missing information to the waiver request. The Director, TAO shall review and forward their recommendations with a preliminary cost estimate to the Director, TRICARE Overseas Program (TOP). The Director, TOP will indicate agreement, document the receipt of the waiver and track the waiver request. The Director, TOP, will subsequently forward the waiver request to the TMA Contracting Officer (CO) and to TMA Medical Benefits and Reimbursement Systems (MB&RS). Should the Director, TOP, disagree with the TAO waiver request it shall be returned to the TAO and the request shall be cancelled. In processing waivers, the appropriate TRICARE Contracting staff (CO, Contracting Officer’s Representative (COR), etc.) along with TMA MB&RS will confer with other TRICARE analysts, other Subject Matter Experts, obtain an Independent Government Cost Estimate (IGCE), and/or perform additional analysis to ensure that the requested increase in reimbursement shall alleviate access problems.

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F. Disapprovals by the Director, TAO, will be forwarded to the Director, TOP, for recording purposes, but will not be forwarded for additional action or waiver process completion.

G. Final Authority. The Director, TMA, or designee is the final approval authority. A decision by the Director, TMA, or designee to authorize, not authorize, terminate, or modify the authorization of higher payment amounts is not subject to appeal or hearing procedures. The Director, TMA, or designee has the discretion to review at unspecified intervals any previously enforced decision for fee schedule modifications, revisions, reversals, or other actions as he/she deems appropriate.

H. Implementation of waivers in specified areas outside the 50 United States and the District of Columbia. If the Director, TMA, or designee approves a higher payment rate for certain services in a locality, reimbursement rates for those procedure codes in those locations would be adjusted by the overseas claims processor, in order to improve the access to services.

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