

## Chapter 1

## Section 25

# Preferred Provider Organization (PPO) Reimbursement

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### 1.0 APPLICABILITY

This policy is mandatory for and **only** to reimbursement of services provided by non-network providers.

### 2.0 ISSUE

Can payments be made for services rendered to beneficiaries by a Preferred Provider Organization (PPO)?

### 3.0 POLICY

#### 3.1 No Obligation to Pay

PPOs provide services at a discounted rate through contractual arrangements with a third-party payer. In some cases either the PPO or the beneficiary may bill TRICARE for the difference between the provider's normal charge and the contractually-set discount amount. TRICARE cannot pay even on a secondary payer basis for these amounts. The rationale for this is that the contracts which PPOs have with third-party payers normally provide that they will be paid in full by the third-party payer, taking any discounts into consideration. Since this would leave no remaining amounts as the responsibility of the beneficiary, there is no further legal obligation to pay.

#### 3.2 Secondary Payer

Payments can be made on a secondary payer basis in those situations where the person submitting the claim--either the beneficiary, the individual provider, or the PPO--submits evidence of beneficiary liability beyond the amounts paid to the PPO by the primary payor.

#### 3.3 Payment for Non-PPO Members

PPO providers may be authorized providers in their own right and may render services to individuals who are not PPO members, and these services may be reimbursed.

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