Chapter 1 Section 25

Preferred Provider Organization (PPO) Reimbursement

Issue Date: November 1, 1983
Authority: 32 CFR 199.4(g)(12)
Revision:

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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