Chapter 5 Section 2

Locality-Based Reimbursement Rate Waiver

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Revision:

1.0 APPLICABILITY

This policy is mandatory for reimbursement of services provided by either network or non-network providers. However, alternative network reimbursement methodologies are permitted when approved by the Defense Health Agency (DHA) and specifically included in the network provider agreement.

2.0 ISSUE

What is the process of the locality-based reimbursement rate waivers?

3.0 POLICY

3.1 Under the locality-based reimbursement rate waiver, two access locations may be considered for provider reimbursement rates above the CHAMPUS Maximum Allowable Charge (CMAC). These are:

3.1.1 Network Waivers: If it is determined that the availability of an adequate number and mix of qualified health care providers in a network in a specific locality is not found, higher rates may be necessary. The amount of reimbursement would be limited to the lesser of:

- An amount equal to the local fee for service charge; or
- Up to 115% of the CMAC. The first attempt should be to get the provider to join the network at the prevailing CMAC rate.

3.1.2 Locality Waivers: If it is determined that access to specific health care services is severely impaired, higher payment rates could be applied to all similar services performed in a locality, or a new locality could be defined for application of the higher payment rates. Payment rates could be established through addition of a percentage factor to an otherwise applicable payment amount, or by calculating a prevailing charge, or by using another Government payment rate. Higher payments will be paid on a claim by claim basis.

3.2 Coordination of the request for a locality-based reimbursement rate waiver shall be submitted to the DHA, Team Chief, Medical Benefits and Reimbursement Section (MB&RS) by the TRICARE Regional Offices (TROs). The TRO shall work with the contractor to ensure that both are in agreement with the waiver request.

3.3 The procedures that are to be followed when submitting a waiver are as follows:

3.3.1 Identify the waiver that is being requested.

- Network waivers. Needed to ensure availability of an adequate number and mix of qualified network providers.
- Locality waivers. Needed to ensure access to services in a locality defined by a current TRICARE locality or a new one established by zip code.

3.3.2 Who can apply:

- TROs
- Providers through the TROs
- Beneficiaries through the TROs
- Contractor through the TROs
- Military Treatment Facility (MTF)/Enhanced Multi-Service Market (eMSM) through the TROs.

3.3.3 How to apply:

3.3.3.1 Applicant must submit a written waiver request to the TRO. The request must justify that access to health care services is severely impaired due to low reimbursement levels (CMAC payment rates).

3.3.3.2 Justification for the waiver must include at the minimum:

- Number of providers in a locality.
- Mix of primary/specialty providers needed to meet patient access standards.
- Number of providers who are TRICARE participating.
- Number of eligible beneficiaries in the locality.
- Availability of MTF/eMSM providers.
- Geographic characteristics.
- Efforts that have attempted to create an adequate network, including any additional non-health care payments above the CMAC rates made by the contractor.
- Letters of intent.
- Cost effectiveness.

- Other relevant factors that warrant the higher payment to resolve the access to care issue.

3.4 The TRO shall conduct a thorough analysis and forward recommendations with a cost estimate for approval to DHA or designee through the Contracting Officer (CO) for coordination. Disapprovals by the TROs will not be forwarded to DHA. DHA is the final approval authority. A decision by DHA to authorize, not authorize, terminate, or modify the authorization of higher payment amounts is not subject to appeal.

- Network waivers: If DHA approves an increase of up to 15% above the CMAC, the contractor shall have the authority to offer specified providers up to 15% above CMAC for joining the network.

- Locality waivers: If DHA approves a higher payment rate for certain services in a locality, reimbursement rates for those procedure codes in that locality shall be adjusted by the contractor in order to improve the access to services.

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