

**EXEMPTIONS CLAIMED FOR THE SYSTEM:**

None.

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**DEPARTMENT OF DEFENSE**

**Office of the Secretary**

**TRICARE, Formerly Known as the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS); Fiscal Year 2012 Mental Health Rate Updates**

**AGENCY:** Office of the Secretary, Department of Defense.

**ACTION:** Notice of updated mental health rates for Fiscal Year 2012.

**SUMMARY:** This notice provides the updated regional per-diem rates for low-volume mental health providers; the update factor for hospital-specific per-diems; the updated cap per-diem for high-volume providers; the beneficiary per-diem cost-share amount for low-volume providers; and, the updated per-diem rates for both full-day and half-day TRICARE Partial Hospitalization Programs for Fiscal Year 2012.

**DATES:** *Effective Date:* The Fiscal Year 2012 rates contained in this notice are effective for services on or after October 1, 2011.

**ADDRESSES:** TRICARE Management Activity (TMA), Medical Benefits and Reimbursement Branch, 16401 East Centretech Parkway, Aurora, CO 80011-9066.

**FOR FURTHER INFORMATION CONTACT:** Elan Green, Medical Benefits and Reimbursement Branch, TMA, telephone (303) 676-3907.

**SUPPLEMENTARY INFORMATION:** The final rule published in the **Federal Register** (FR) on September 6, 1988, (53 FR 34285) set forth reimbursement changes that were effective for all inpatient hospital admissions in psychiatric hospitals and exempt psychiatric units occurring on or after January 1, 1989. The final rule published in the **Federal Register** on July 1, 1993, (58 FR 35400) set forth maximum per-diem rates for all partial hospitalization admissions on or

after September 29, 1993. Included in these final rules were provisions for updating reimbursement rates for each federal Fiscal Year. As stated in the final rules, each per-diem shall be updated by the Medicare update factor for hospitals and units exempt from the Medicare Prospective Payment System (*i.e.*, this is the same update factor used for the inpatient prospective payment system). For Fiscal Year 2012, the market basket rate is 3.0 percent. This year, Medicare applied two reductions to its market basket amount: (1) A 1.0 percent reduction for economy-wide productivity required by section 3410(a) of the Patient Protection and Affordable Care Act (PPACA) which amended section 1886(b)(3)(B) of the Social Security Act, and (2) a 0.1 percent point adjustment as required by section 1886(b)(3)(B)(xii) of the Act as added and amended by sections 3401 and 10319(a) of the PPACA. These two reductions do not apply to TRICARE. Hospitals and units with hospital-specific rates (hospitals and units with high TRICARE volume) and regional-specific rates for psychiatric hospitals and units with low TRICARE volume will have their TRICARE rates for Fiscal Year 2012 updated by 3.0 percent

Partial hospitalization rates for full-day and half-day programs also will be updated by 3.0 percent for Fiscal Year 2012.

The cap amount for high-volume hospitals and units also will be updated by the 3.0 percent for Fiscal Year 2012.

The beneficiary cost share for low-volume hospitals and units also will be updated by the 3.0 percent for Fiscal Year 2012.

Per 32 CFR 199.14, the same area wage indexes used for the CHAMPUS Diagnosis-Related Group (DRG)-based payment system shall be applied to the wage portion of the applicable regional per-diem for each day of the admission. The wage portion shall be the same as that used for the CHAMPUS DRG-based payment system. For wage index values greater than 1.0, the wage portion of the regional rate subject to the area wage adjustment is 68.8 percent for Fiscal Year 2012. For wage index values less than or equal to 1.0, the wage portion

of the regional rate subject to the area wage adjustment is 62 percent.

Additionally, 32 CFR 199.14, requires that hospital specific and regional per-diems shall be updated by the Medicare update factor for hospitals and units exempt from the Medicare prospective payment system.

The following reflect an update of 3.0 percent for Fiscal Year 2012.

**REGIONAL-SPECIFIC RATES FOR PSYCHIATRIC HOSPITALS AND UNITS WITH LOW TRICARE VOLUME FOR FISCAL YEAR 2012**

United States Census Region	Regional rate
<b>Northeast:</b>	
New England .....	\$787
Mid-Atlantic .....	758
<b>Midwest:</b>	
East North Central .....	655
West North Central .....	618
<b>South:</b>	
South Atlantic .....	780
East South Central .....	834
West South Central .....	711
<b>West:</b>	
Mountain .....	710
Pacific .....	838
Puerto Rico .....	53

*Beneficiary cost-share:* Beneficiary cost-share (other than dependents of Active Duty members) for care paid on the basis of a regional per-diem rate is the lower of \$208 per day or 25 percent of the hospital billed charges effective for services rendered on or after October 1, 2011.

*Cap Amount:* Updated cap amount for hospitals and units with high TRICARE volume is \$ 989 per day for services on or after October 1, 2011.

The following reflect an update of 3.0 percent for Fiscal Year 2012 for the partial hospitalization rates.

**PARTIAL HOSPITALIZATION RATES FOR FULL-DAY AND HALF-DAY PROGRAMS**

[Fiscal year 2012]

United States Census Region	Full-day rate (6 hours or more)	Half-day rate (3-5 hours)
<b>Northeast:</b>		
New England (Maine, N.H., Vt., Mass., R.I., Conn.) .....	\$315	\$234
<b>Mid-Atlantic:</b>		
(N.Y., N.J., Penn.) .....	343	258
<b>Midwest:</b>		
East North Central (Ohio, Ind., Ill., Mich., Wis.) .....	302	225

PARTIAL HOSPITALIZATION RATES FOR FULL-DAY AND HALF-DAY PROGRAMS—Continued  
[Fiscal year 2012]

United States Census Region	Full-day rate (6 hours or more)	Half-day rate (3–5 hours)
West North Central: (Minn., Iowa, Mo., N.D., S.D., Neb., Kan.) .....	302	225
South: South Atlantic (Del., Md., DC, Va., W.Va., N.C., S.C., Ga., Fla.) .....	323	244
East South Central: (Ky., Tenn., Ala., Miss.) .....	350	264
West South Central: (Ark., La., Texas, Okla.) .....	350	264
West: Mountain (Mon., Idaho, Wyo., Col., N.M., Ariz., Utah, Nev.) .....	353	267
Pacific (Wash., Ore., Calif., Alaska, Hawaii) .....	347	260
Puerto Rico .....	225	170

The above rates are effective for services rendered on or after October 1, 2011.

Dated: November 22, 2011.

**Aaron Siegel,**

*Alternate OSD Federal Register Liaison  
Officer,*

Department of Defense.

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## DEPARTMENT OF DEFENSE

### Office of the Secretary

#### **TRICARE; Civilian Health and Medical Program of the Uniformed Services (CHAMPUS); Fiscal Year 2012 Diagnosis-Related Group (DRG) Updates**

**AGENCY:** Office of the Secretary, Department of Defense (DoD).

**ACTION:** Notice of DRG revised rates.

**SUMMARY:** This notice describes the changes made to the TRICARE DRG-based payment system in order to conform to changes made to the Medicare Prospective Payment System (PPS).

It also provides the updated fixed loss cost outlier threshold, cost-to-charge ratios and the data necessary to update the FY 2012 rates.

**DATES: Effective Dates:** The rates, weights and Medicare PPS changes which affect the TRICARE DRG-based payment system contained in this notice are effective for admissions occurring on or after October 1, 2011.

**ADDRESSES:** TRICARE Management Activity (TMA), Medical Benefits and Reimbursement Systems, 16401 East Centretech Parkway, Aurora, CO 80011–9066.

**FOR FURTHER INFORMATION CONTACT:** Mark A. Jacobs, Medical Benefits and

Reimbursement Systems, TMA, telephone (303) 676–3802.

Questions regarding payment of specific claims under the TRICARE DRG-based payment system should be addressed to the appropriate contractor.

**SUPPLEMENTARY INFORMATION:** The final rule published on September 1, 1987 (52 FR 32992) set forth the basic procedures used under the CHAMPUS DRG-based payment system. This was subsequently amended by final rules published August 31, 1988 (53 FR 33461), October 21, 1988 (53 FR 41331), December 16, 1988 (53 FR 50515), May 30, 1990 (55 FR 21863), October 22, 1990 (55 FR 42560), and September 10, 1998 (63 FR 48439).

An explicit tenet of these final rules, and one based on the statute authorizing the use of DRGs by TRICARE, is that the TRICARE DRG-based payment system is modeled on the Medicare PPS, and that, whenever practicable, the TRICARE system will follow the same rules that apply to the Medicare PPS. The Centers for Medicare and Medicaid Services (CMS) publishes these changes annually in the **Federal Register** and discusses in detail the impact of the changes.

In addition, this notice updates the rates and weights in accordance with our previous final rules. The actual changes we are making, along with a description of their relationship to the Medicare PPS, are detailed below.

#### **I. Medicare PPS Changes Which Affect the TRICARE DRG-Based Payment System**

Following is a discussion of the changes CMS has made to the Medicare PPS that affect the TRICARE DRG-based payment system.

##### *A. DRG Classifications*

Under both the Medicare PPS and the TRICARE DRG-based payment system, cases are classified into the appropriate DRG by a Grouper program. The

Grouper classifies each case into a DRG on the basis of the diagnosis and procedure codes and demographic information (that is, sex, age, and discharge status). The Grouper used for the TRICARE DRG-based payment system is the same as the current Medicare Grouper with two modifications. The TRICARE system has replaced Medicare DRG 435 with two age-based DRGs (900 and 901), and has implemented thirty-four (34) neonatal DRGs in place of Medicare DRGs 385 through 390. For admissions occurring on or after October 1, 2001, DRG 435 has been replaced by DRG 523. The TRICARE system has replaced DRG 523 with the two age-based DRGs (900 and 901). For admissions occurring on or after October 1, 1995, the CHAMPUS grouper hierarchy logic was changed so the age split (age <29 days) and assignments to MDC 15 occur before assignment of the PreMDC DRGs. This resulted in all neonate tracheostomies and organ transplants to be grouped to MDC 15 and not to DRGs 480–483 or 495. For admissions occurring on or after October 1, 1998, the CHAMPUS grouper hierarchy logic was changed to move DRG 103 to the PreMDC DRGs and to assign patients to PreMDC DRGs 480, 103 and 495 before assignment to MDC 15 DRGs and the neonatal DRGs. For admissions occurring on or after October 1, 2001, DRGs 512 and 513 were added to the PreMDC DRGs, between DRGs 480 and 103 in the TRICARE grouper hierarchy logic. For admissions occurring on or after October 1, 2004, DRG 483 was deleted and replaced with DRGs 541 and 542, splitting the assignment of cases on the basis of the performance of a major operating room procedure. The description for DRG 480 was changed to “Liver Transplant and/or Intestinal Transplant”, and the description for DRG 103 was changed to “Heart/Heart