



Facts: Concerning Changes to the CAH Reimbursement Methodology



Who is affected?

Critical Access Hospitals (CAHs) are small facilities that provide limited inpatient and outpatient hospital services primarily in rural areas. To participate and be paid as a CAH, a facility must be certified as a CAH by the Centers of Medicare and Medicaid Services (CMS).

How is the reimbursement change coming about for TRICARE?

According to the Code of Federal Regulation, 32 CFR 199.14 the critical access hospital becomes exempt from diagnosis related groupers (DRG)-based payment system for inpatient reimbursement on December 1, 2009.

When does this go into effect?

Effective December 1, 2009, TRICARE is exempting all CAHs (network and non-network) from the DRG-based payment system for inpatient services and adopting a “reasonable cost method.”

Effective December 1, 2009, outpatient services including ambulatory surgery, provided by a CAH(network and non-network) shall be reimbursed under the “reasonable cost method.”

What is the “reasonable cost methodology”?

Reasonable cost is based on the actual cost of providing services and excluding any costs, that are unnecessary in the efficient delivery of services covered by the program similar to Medicare’s principles for reimbursing CAHs.

How does this change impact my facility?

As a CAH, all claims will continue to process under the current TRICARE reimbursement guidelines for inpatient or outpatient services performed at your facility. The “reasonable cost method” will go into effect on December 1, 2009 for all dates of service on or after December 1, 2009. You may need to reference the UB editor for billing and coding guidelines and CMS for the CAH reasonable cost method reimbursement formula.

- Beneficiary liability-TRICARE deductible and copay/cost share provisions apply to CAH inpatient and outpatient services for all beneficiaries.

Where can I find more information on this change?

Reference sites include:

- Code of Federal Regulations, 32 CFR 199.14 (<http://www.gpoaccess.gov/cfr/index.html>)
- TRICARE Reimbursement Manual Chapter 15, Section 1 (www.tricare.mil)
- MyHMHS for Providers (www.humana-military.com)