



HEALTH AFFAIRS

THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D. C. 20301-1200

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MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (M&RA)
ASSISTANT SECRETARY OF THE NAVY (M&RA)
ASSISTANT SECRETARY OF THE AIR FORCE (M&RA)

SUBJECT: Specialized Treatment Services and Centers of Excellence Programs

References: (a) 10 U.S.C. 1105

(b) 32 Code of Federal Regulation (CFR) 199.4(a)(10)

(c) ASD(HA) Memorandum, "DoD Specialized Treatment Services Program," October 18, 1995 (hereby canceled)
<http://www.tricare.osd.mil/policy/fy96/sts04.html>

(d) ASD(HA) Memorandum, "Policy Memorandum on Concentration of Specialized Care," January 24, 1997 (hereby canceled)
<http://www.tricare.osd.mil/policy/fy97/spec9727.html>

(e) ASD(HA) Memorandum, "Revision to Specialized Treatment Services Program," January 7, 1998 (hereby canceled)
<http://www.tricare.osd.mil/policy/fy98/stsp9808.html>

(f) Federal Advisory Committee, "Healthcare Quality Initiatives Review Panel, Final Report to Congress," chapter II, pages 33-40, 2001,
http://www.hqirp.org/01_23Meeting/Final Report 1-23.pdf

This memorandum prescribes interim policy, pending issuance of a Department of Defense Instruction (DoDI) and change to 32 CFR, Part 199, to substantially change both the Specialized Treatment Services (STS) Program (ref (c)) established by reference (a) and subsequently revised by references (d) and (e) and the Centers of Excellence (COE) Program established by reference (e). Specialty services, under these programs, concentrate patient referrals for certain highly specialized procedures of relatively low incidence and/or high per-case cost and which require patient concentration to permit resource investment and enhance the effectiveness of quality assurance efforts. Reference (c) stated that the Assistant Secretary of Defense for Health Affairs (ASD(HA)) will designate national and multi-regional STSs and delegated to TRICARE Lead Agents the authority to designate regional STSs within their Health Services Regions (HSR). Reference (d) subsequently revised the policy to focus on certain high cost Diagnosis-Related Groups (DRGs). Reference (e) established the "Center of Excellence"

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designation for Military Treatment Facilities (MTF) continuing to provide DRG-restricted services, but not as designated STSs.

Several concerns were raised over the course of the STS program. First, STS designations were not based on objective clinical criteria. Second, compliance with STS designation requirements had been inconsistent. Third, extended non-availability statement (NAS) disapproval authority associated with STS designation appeared to impose an unreasonable burden on beneficiaries. Finally, there was no validated process for MTFs to make required cost comparisons with civilian facilities.

In response to the above concerns, panels of tri-service DoD and civilian clinical experts completed initial sets of new standardized COE criteria in ten DRG areas. These criteria were created with support and guidance from the Healthcare Quality Initiatives Review Panel (ref. (f)). They established the country's first broad, literature based, expert reviewed, standardized measures for the assessment, certification, designation and monitoring of COE. On April 1, 2002, DoD began a COE Transition Program, dedicated to the validation and maturation of the clinical criteria and designed to run for a period of two years.


Pending publication of a DoDI and CFR changes, the following modifications to the current STS/COE program have been made, as noted:

1. Restrictions on performance of specific DRGs are removed, effective immediately.
2. Effective January 1, 2002, a number of STS programs ceased their activities. A number of others at three Army and three Air Force facilities, with their Service Surgeon General concurrence, requested extensions. These remaining STS programs will cease STS activities by June 1, 2003, with more rapid phase-out, where feasible. Phase-out plans, to include marketing, will be submitted. STS programs will continue to comply with applicable requirements under 10 U.S.C. 1105 and 32 CFR 199.4(a)(10).
3. All existing COEs under the previous program (reference (e)) lost their COE designation, effective December 31, 2001, and may apply to participate under the new COE transition program, as specified below.
4. All MTF and Veterans Hospital Administration (VHA) programs providing COE DRGs are eligible for designation as participants in the transitional COE program (see attachment for applicable DRGs). The term "participant" is used to distinguish programs during the transitional period as distinct from the "Center of Excellence" status in the mature COE program anticipated in two years time. These programs are not certified as DoD Centers of Excellence. They will not market themselves as transition program participants or as Centers of Excellence. The release and marketing use of performance data collected as a result of participation, particularly in comparison with established national benchmarks, is permitted. During this period, no specific criterion, including those referred to as "critical", will be considered as being applicable until that criterion is properly validated. At the end of the

transitional period, all criteria will be reviewed for clinical validity and retained or modified, consistent with clinical outcome data.

5. MTF programs, in partnership with other military or other federal health care programs (e.g., VHA, NIH, etc.), may be designated as Joint Participants in the transitional COE program.
 - a) Joint military-military program applications will be coordinated and approved by each of their respective Service chain of command. Thus, separate copies of joint military-military program applications should be submitted to each of the Services involved. Furthermore, informational copies of the COE application will be forwarded to their respective TRICARE Lead Agents.
 - b) For joint military-federal program applications, the military program will be considered the sponsor of the joint program and take the lead in the submission of the joint application. Applications should be coordinated and approved through the MTF's respective Service chain of command. Informational copies of COE application will be forwarded to the appropriate TRICARE Lead Agents.
6. TMA will review and approve properly coordinated transitional COE program applications throughout the two-year period. Clinical panels will review all applications and make specific program recommendations as to transition program participation to TMA. Programs participating in the two-year transition will be expected to demonstrate efforts addressing all criteria during the transition period.
7. COE Transition Programs will submit progress reports every six months beginning January, 2003. The Services and TMA will utilize the reports to recommend program changes. Report content includes:
 - a) Obstacles and lessons learned from participation in the COE transition program.
 - b) Recommendations for program changes.
8. Transition COE program participants may choose to apply for Center of Excellence designation at the end of the two-year transition period. Certification as a DoD Center of Excellence will require compliance with the criteria and certification processes in place at that time.

For further information, contact Project Manager Col Geoff Rake, Medical Director,
Director of Clinical Quality Programs, OASD(HA)/TMA, geoffrey.rake@tma.osd.mil, (703)
681-0064, ext. 3625.


William Winkenwerder, Jr., MD

Attachment:

DRGs Covered Under COE Programs

Specialty	DRGs
Bone Marrow Transplant	481
Burn	504-511
Cardiac Care	104-111
Complex General Surgery	191, 286
Cranial and Spinal Surgery	1, 3, 4
Gynecologic Oncology	357
Head and Neck Oncology	49
Neonatal – Prenatal Medicine	600-636
Solid Organ Transplant	302, 480
Total Joint Replacement	209, 491