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THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, DC 20301-1200

AUG 13 1996

MEMORANDUM FOR:
SURGEON GENERAL OF THE ARMY
SURGEON GENERAL OF THE NAVY
SURGEON GENERAL OF THE AIR FORCE

SUBJECT: Policy for Third Party Billing and Collections in Military Medical Treatment Facilities

We recently revised our Third Part Collection Program (TPCP) regulation, which took effect June 1, 1996, to clarify billing and collecting policies under Resource Sharing Agreements. This revision was intended to refine our TPCP billing practices, protect our beneficiaries by ensuring proper billing, and establish the basic principle that third party collections for care rendered in our military Medical Treatment Facilities (MTFs), regardless of the source of that care, would be deposited in the Operations and Maintenance (O&M) account of the MTF providing care.

To further clarify, there are three fundamental program principles in effect for third party collections in our MTFs. First, if the care is provided in our MTF, whether by our in-house providers or through a resource sharing agreement provider, the money for that care is to be deposited in the O&M account of the facility providing that care. Second, any claims for care in our MTFs must be at the rates established annually by the OUSD (Comptroller). Finally, only one claim per visit/disposition, which will be all-inclusive of professional, ancillary and hospital charges, will be submitted to the insurer. The only exception to this third principle is for partnership agreements prior to their phased out.

This is not to say that MTF personnel must actually do the billing and collecting for its TPCP. Our intention is to provide sufficient flexibility, within the program principles, for MTF Commanders and Lead Agents to make arrangements for billing and collections based on their best business care analysis. This could include using the vendors specified in the GSA awarded national Health Care Cost Recovery (HCCR) contract, whereby the contractor retains a percentage of the amount collected. We are also exploring whether alternative contractual arrangements, such as using the TRICARE contractor to support the TPCP program, can be authorized. We hope to provide additional guidance on this matter in the near future. We want to maximize MTF revenues, while taking advantage of contractor collection arrangements that make sense.

Commanders and Lead Agents should implement best business practices in managing their Third Party Collection Program, ensuring compliance with the aforementioned principles. My point of contact is LCDR Pat Kelly at (703) 681-8910.

A handwritten signature in black ink, appearing to read "Stephen C. Joseph", with a long horizontal flourish extending to the right.

Stephen C. Joseph, M.D., M.P.H.

HA POLICY 96-056

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Last update: 12/22/1998