

DEPARTMENT OF DEFENSE
PUBLICATION SYSTEM
CHANGE TRANSMITTAL

OFFICE OF THE SECRETARY OF DEFENSE
Assistant Secretary of Defense (Health Affairs)

CHANGE NO. 6
to July 1991, Reprint
DoD 6010.8-R
June 24, 1994

CIVILIAN HEALTH AND MEDICAL PROGRAM
OF THE UNIFORMED SERVICES (CHAMPUS)

The Acting Assistant Secretary of Defense (Health Affairs) has authorized the page changes to DoD 601 O.8-R, "Civilian Health and Medical Program of the Uniformed Services (CHAMPUS)," July 1991 (Reprint).

PAGE CHANGES

Remove: 2-i through 2-iv, 2-3&2-4, 2-9&2-10, 2-17&2-18, 2-20a through 2-26, 4-i through 4-viii, 4-1 through 4-6b, 4-9b&4-10, 4-13d&4-14, 4-17&4-18, 4-21 through 4-24, 4-44 through 4-47, 4-50&4-51, 5-i&5-ii, 5-1&5-2, 6-i&6-ii, 6-3&6-4, 6-23 through 6-24, 6-27 through 6-31, 7-i&7-ii, 7-11 through 7-14, 14-i through 14-2, 14-18&14-18a, 14-21 through 14-26, 15-i through 15-6, and 16-i through 16-2

Insert: Attached replacement pages and new pages 2-v, 4-ix, 4-4a&4-4b, 4-51a&4-51b, 6-3a, 6-3b, 8-32, 6-33, 14-18b&14-18c, 14-27&14-28, 15-ii, 15-7 through 15-10, and 16-3

Changes appear on pages 2-i through 2-v, 2-4, 2-10, 2-17&2-18, 2-21, 2-22, 2-24, 2-25, 4-i, 4-iv, 4-vii, 4-2 through 4-4a, 4-5 through 4-6a, 4-9b, 4-14, 4-18, 4-22, 4-23, 4-45 through 4-46b, 4-50, 5-i, 5-2, 6-i&6-ii, 6-3 through 6-4, 6-23 through 6-24, 6-28 through 6-33, 7-ii, 7-11 through 7-13, 14-i, 14-1, 14-18, 14-18a, 14-21 through 14-24, 14-26, 15-1, 15-1 through 15-4, 15-7 through 15-9, and 16-i through 16-3 and are indicated by marginal bars.

EFFECTIVE DATE

The above changes are effective for services or supplies delivered on or after (1) November 5, 1990 for Coverage of Screening Mammography and Papanicolaou (PAP) Tests; (2) November 1, 1993 for Reimbursement of Providers, Claims Filing, and Participating Provider Program; (3) December 6, 1993 for Specialized Treatment Services, Nonavailability Statements, Peer Review Organization Program, and

WHEN PRESCRIBED ACTION HAS BEEN TAKEN, THIS TRANSMITTAL SHOULD BE FILED WITH THE BASIC DOCUMENT

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DATE

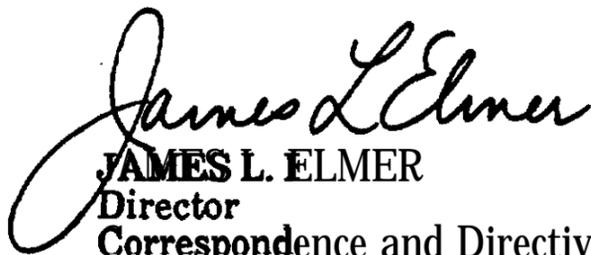
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June 24, 1994

DEPARTMENT OF DEFENSE
PUBLICATIONS SYSTEMS TRANSMITTAL

INSTRUCTIONS FOR RECIPIENTS (continued)

Supplemental Care; (4) March 24, 1994 for Requirements for Coverage and Reimbursement of Services of Physicians in Teaching Settings; (5) October 1, 1994 for Delay of Grace Period for Partial Hospitalization Program; and (6) May 22, 1995 for Certified Marriage and Family Therapist.


JAMES L. ELMER
Director
Correspondence and Directives

Attachments
116 pages

CHAPTER 2

DEFINITIONS

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Admission. The formal acceptance by a CHAMPUS authorized institutional provider of a CHAMPUS beneficiary for the purpose of diagnosis and treatment of illness, injury, pregnancy, or mental disorder.

Adopted Child. A child **taken** into one's own family by legal process and treated as one's own child. In case of adoption, CHAMPUS eligibility begins as of **12:01** a.m. of the day of the final adoption decree. NOTE : There is no CHAMPUS benefit entitlement during any interim waiting period.

All-Inclusive Per Diem Rate. The **OCHAMPUS** determined rate that encompasses the daily charge for inpatient care and, unless specifically excepted, all other treatment determined necessary and rendered as part. of the treatment plan established for a patient, and accepted by OCHAMPUS.

Allowable Charge. The CHAMPUS-determined level of payment to physicians, other individual professional providers and other providers, based on one of the approved reimbursement methods set forth in Chapter 14 of this Regulation. Allowable charge also may be referred to as the **CHAMPUS-determined** reasonable charge.

Allowable Cost. The CHAMPUS-determined **level** of payment to hospitals or other institutions, based on one of the approved reimbursement methods set forth in Chapter 14 of this Regulation. Allowable cost may also be referred to as the **CHAMPUS-determined** reasonable cost.

Ambulance. A specially designed vehicle for transporting the sick or injured **that contains** a stretcher, linens, first aid supplies, oxygen equipment, and such lifesaving equipment required by state and local law, and that is staffed by personnel trained to provide first aid treatment.

Amount in Dispute. The **amount of money**, determined under this Regulation, that **CHAMPUS would** pay for medical services and supplies involved in an adverse determination being appealed if the appeal were resolved in favor of the appealing party. See Chapter 10 for additional information concerning the determination of "amount in dispute" under this Regulation.

Anesthesia Services. The administration of an anesthetic agent by injection or inhalation, the purpose and effect of which is to produce surgical anesthesia characterized by muscular relaxation, loss of sensation, or loss of consciousness when administered by or under the direction of a physician or dentist in connection with otherwise covered surgery or obstetrical care, or shock therapy. Anesthesia services do not include hypnosis or acupuncture.

Appealable Issue. Disputed questions of fact which, if resolved in favor of the appealing party, would result in the authorization of CHAMPUS benefits, or approval as an authorized provider in accordance with this Regulation. **An** appealable issue does not exist if no facts are in dispute, if no CHAMPUS benefits would be payable, or if there is no authorized provider, regardless of the resolution of any disputed facts. See Chapter 10 for additional information concerning the determination of "appealable issue" under this Regulation.

Appealing Party. Any party to the initial determination who files an appeal of an adverse determination or requests a hearing under the provisions of this Regulation.

Appropriate Medical Care

1. Services performed in connection with the diagnosis or treatment of disease

or injury, pregnancy, mental disorder, or well-baby care which are in keeping with the generally accepted norms for medical practice in the United States;

2. The authorized individual professional provider rendering the medical care is qualified to perform such medical services by reason of his or her training and education and is licensed or certified by the state where the service is rendered or appropriate national organization or otherwise meets **CHAMPUS** standards; and

3. The services are **furnished** economically. For purposes of this Regulation, "economically" means that the services are furnished in the least expensive level of care or medical environment adequate to provide the required medical care regardless of whether or not that **level** of care is covered by **CHAMPUS**.

Approved Teaching Programs. For purposes of CHAMPUS, an approved teaching program is a **program** of graduate medical education which has been duly approved in its respective speciality or **subspecialty** by the Accreditation Council for Graduate Medical Education of the American Medical Association, by the Committee on Hospitals of the Bureau of Professional Education of the American Osteopathic Association, by the Council on **Dental** Education of the American Dental Association, or by the Council on Podiatry Education of the American Podiatry Association.

Assistant Secretary of Defense (Health Affairs). An authority of the Assistant Secretary of Defense (Health Affairs) includes any person designated by the Assistant Secretary to exercise the authority involved.

Attending Physician. The physician who has the primary responsibility for the medical diagnosis and treatment of the patient. A consultant, or an assistant surgeon, for example would not be an attending physician. Under very extraordinary circumstances, because of the presence of complex, serious, and multiple, but unrelated, medical conditions, a patient may have more than one attending physician concurrently rendering medical treatment during a single period of time. An attending physician also may be a teaching physician.

Authorized Provider. A hospital or institutional provider, physician, or other individual professional provider, or other provider of services or supplies specifically authorized to provide benefits under CHAMPUS in Chapter 6 of this Regulation.

Backup Hospital. A hospital which is otherwise eligible as a CHAMPUS institutional provider and which is fully capable of providing emergency care to a patient who develops complications beyond the scope of services of a given category of CHAMPUS authorized freestanding institutional provider and which is accessible from the site of the **CHAMPUS** authorized freestanding institutional provider within an average transport time acceptable for the types of medical emergencies usually associated with the type of care provided by the freestanding facility.

Balance billing. A provider seeking any payment, other than any payment relating to **applicable and cost-sharing** amounts, from a beneficiary for CHAMPUS covered services for any amount in excess of the applicable CHAMPUS allowable cost or charge.

Basic Program. The primary medical benefits authorized under Chapter 55 of title 10, United States Code, and set forth in Chapter 4 of this Regulation,

Beneficiary. An individual who has been determined to be eligible for CHAMPUS benefits, as set forth in Chapter 3 of this Regulation.

specific medical, surgical, or psychiatric treatment that will reduce the disability to the extent necessary to enable the patient to function outside the protected, monitored, or controlled environment. A custodial care determination is not precluded by the fact that a patient is under the care of a supervising or attending physician and that services are being ordered and prescribed to support and generally maintain the patient's condition, or provide for the patient's comfort, or ensure the manageability of the patient. Further, a custodial care determination is not precluded because the ordered and prescribed services and supplies are being provided by an R.N., L.P.N., or L.V.N.

NOTE : The determination of custodial care in no way implies that the care being rendered is not required by the patient; it only means that it is the kind of care that is not covered under CHAMPUS. A program of physical and mental rehabilitation which is designed to reduce a disability is not custodial care as long as the objective of the program is a reduced level of care.

Days. Calendar days.

Deceased Service Member. A person who, at the time of his or her death, was an active duty member of a Uniformed Service under a call or order that did not specify a period of 30 days or less; or a retiree of a Uniformed Service.

Deductible. Payment by a beneficiary of the first \$50 of the CHAMPUS-determined allowable costs or charges for otherwise covered outpatient services or supplies provided in any one fiscal year; or for a family, the aggregate payment by two or more beneficiaries who submit claims of the first \$100.

Deductible Certificate, A statement issued to the beneficiary (or sponsor) by a CHAMPUS fiscal intermediary certifying to deductible amounts satisfied by a CHAMPUS beneficiary for any applicable fiscal year.

Defense Enrollment Eligibility Reporting System (DEERS). The automated system that is composed of two phases:

1. Enrolling all active duty and retired service members, their dependents, and the dependents of deceased service members, and

2. Verifying their eligibility for health care benefits in the direct care facilities and through CHAMPUS.

Dental Care. Services relating to the teeth and their supporting structures.

Dentist. Doctor of Dental Medicine (**D.M.D.**) or Doctor of Dental Surgery (**D.D.S.**) who is licensed to practice dentistry by an appropriate authority.

Dependent. A person who bears any of the following relationships to an active duty member (under a call or order that does not specify a period of 30 days or less), retiree, or deceased active duty member or retiree, of a Uniformed Service, that is, lawful spouse, former spouse (in certain circumstances), unremarried widow or widower, or child: or a spouse and child of an active duty member of the armed forces of foreign North Atlantic Treaty Organization (NATO) nations (refer to section B. in Chapter 3 of this Regulation).

Deserter or Desertion Status. A service member is a deserter, or in a desertion status, when the Uniformed Service concerned has made an administrative determination to that effect, or the member's period of unauthorized absence has resulted in a court-martial conviction of **desertion**. Administrative declarations of desertion normally are made when a member has been an unauthorized absentee for over 30 days, but particular circumstances may result in an earlier declaration. Entitlement to CHAMPUS benefits ceases as of 12:01 a.m. on the day following the day the desertion status is declared. Benefits are not to be authorized for treatment received during a period of unauthorized absence that results in a court-martial conviction for desertion. Dependent eligibility for benefits is reestablished when a deserter is returned to military control and continues, even though the member may be in confinement, until any discharge is executed. When a deserter status is later found to have been determined erroneously, the status of deserter is considered never to have existed, and the member's dependents will have been eligible continuously for benefits under CHAMPUS.

Diagnosis-Related Groups (DRGs). Diagnosis-related groups (DRGs) are a method of dividing hospital patients into clinically coherent groups based on the consumption of resources. Patients are assigned to the groups based on their principal diagnosis (the reason for admission, determined after study), secondary diagnoses, procedures performed, and the patient's age, sex, and discharge status.

Diagnostic Admission. An admission to a hospital or other authorized institutional provider, or an extension of a stay in such a facility', primarily for the purpose of performing diagnostic tests, examinations, and procedures.

Director, OCHAMPUS. An authority of the Director, OCHAMPUS includes any person designated by the Director, OCHAMPUS to exercise the authority involved. I

Doctor of Dental Medicine (D.M.D.). A person who has received a degree in dentistry, that is, that department of the healing arts which is concerned with the teeth, oral cavity, and associated structures.

required); prognosis; problem list; and all inclusive. current or anticipated monthly charges related to **the** proposed management plan. If the management plan involves the transfer of a beneficiary from a hospital **or** another inpatient facility, medical records related to that inpatient stay also are required as a part of the management plan documentation.

Marriage and Family Therapist Certified. An **extramedical** individual provider who **meets** the requirements outlined in Chapter 6 of the Regulation.

Maternity&are. Care and treatment related to conception, delivery, and **abortion, including** prenatal and postnatal care (generally through the 6th post-delivery **week**), and also including **treatment of** the complications of pregnancy.

Medicaid. Those medical benefits authorized under Title XIX of the Social Security Act (reference (h)) provided to welfare recipients and the medically indigent through programs administered by the various states.

Medical. The generally used term which pertains to the diagnosis and treatment of illness, injury, pregnancy, and mental disorders **by** trained and licensed or certified health professionals. For purposes of CHAMPUS, the term "medical" **should be understood to** include "medical, psychological, surgical, and obstetrical, " **unless it** is specifically stated that a more restrictive meaning is intended.

Medical Emergency. The sudden and unexpected onset of a medical condition or the acute exacerbation of a chronic condition that is threatening to life, limb, or sight, and requires immediate medical treatment or which manifests painful **symptomatology** requiring immediate palliative efforts to alleviate suffering. Medical emergencies include heart. attacks, cardiovascular accidents, poisoning, convulsions, kidney stones, and such other acute medical conditions as may be determined to be medical emergencies by the Director, **OCHAMPUS, or** a designee. In the case of a pregnancy, a medical emergency must involve a sudden and unexpected medical complication that puts the mother, the baby, or both, at risk. Pain **would** not, however, qualify a maternity case as an emergency, nor would incipient birth after the 34th week of gestation, unless an otherwise qualifying medical condition is present. Examples of medical emergencies related to pregnancy **or** delivery are hemorrhage, **ruptured** membrane with **prolapsed** cord, placenta **previa, abruptio** placenta, presence of shock or unconsciousness, suspected heart attack or **stroke, or** trauma (such as injuries received in an automobile accident).

Medically or Psychologically Necessary. The frequency, extent, and types of medical services or supplies which represent appropriate medical care and that are generally accepted by qualified professionals to **be** reasonable and adequate for the diagnosis and t.rest.ment of illness, injury, pregnancy, and mental **disorders** or that **are** reasonable and adequate for well-baby care.

Medical Supplies and Dressings (Consumables). Necessary medical or surgical supplies (exclusive of durable medical equipment) that do not withstand prolonged, repeated use and that are needed for the proper medical management of a condition for which benefits are otherwise authorized under CHAMPUS, on either an inpatient or outpatient basis. Examples include disposable syringes for a diabetic, colostomy sets, irrigation sets, and **ace bandages**.

Medicare. Those medical benefits authorized under Title XVIII of the Social Security Act (reference (h)) provided to persons 65 or older, certain disabled persons, or persons with chronic renal disease, through a national program administered by the DHHS, **Health** Care Financing Administration, Medicare Bureau.

Mental Disorder. For purposes of the payment of CHAMPUS benefits, a mental disorder is a **nervous** or mental condition that involves a clinically significant behavioral or psychological syndrome or pattern that is associated with a painful symptom, such as distress, and that impairs a patient's ability to function in one or more major life activities. Additionally, the mental disorder must **be** one of those conditions listed in the **DSM-III**.

Mental Health Counselor. **An extramedical** individual provider who meets the requirements outlined in Chapter 6 of this Regulation. I

Mental Health Therapeutic Absence. A therapeutically planned absence from the inpatient setting. The patient is not discharged from the facility and may **be** away for periods of several hours to several days. The purpose of the therapeutic absence is to give the patient an opportunity to test his or her ability to function outside the inpatient setting before the actual discharge.

Mental Retardation. Subnormal general intellectual functioning associated with **impairment** of either learning and social adjustment or maturation, or both. The diagnostic classification of moderate and severe mental retardation relates to intelligence quotient (IQ) as follows:

1. Moderate. Moderate **mental** retardation IQ 36-51.
2. Severe. Severe mental retardation IQ 35 and under.

Missing in Action (MIA). A **battle** casualty whose whereabouts and status are unknown, provided the absence appears to **be** involuntary and the service member is not known to **be** in a status of unauthorized absence. NOTE: Claims for eligible CHAMPUS beneficiaries whose sponsor is classified as MIA are processed as dependents of an active duty service member.

Morbid Obesity. The body weight is 100 pounds over ideal weight for height and bone structure, according to the most current Metropolitan Life Table, and such weight is in association with severe medical conditions known to have higher mortality rates in association **with** morbid obesity; or, the

per day, 5 days per week, which may embrace day, evening, night and weekend treatment programs **which** employ **an** integrated, comprehensive and complementary schedule of recognized treatment approaches. Partial hospitalization is a time-limited, ambulatory, active treatment program that offers therapeutically intensive, coordinated, and structured clinical services within a stable therapeutic environment. Partial hospitalization is an appropriate setting for crisis stabilization, treatment of **partially** stabilized mental health disorders, and a transition from an inpatient program when medically necessary. Such programs must enter into a participation agreement with CHAMPUS, and be accredited and in substantial compliance with the standards of the Mental Health Manual of the Joint Commission on Accreditation of **Healthcare** Organizations (**JCAHO**) (formerly known as the Consolidated Standards).

Participating Provider. A hospital or **other** authorized institutional **provider**, a physician or other authorized individual professional provider, or other authorized provider that furnished services or supplies to a CHAMPUS beneficiary and that submits a CHAMPUS claim form and accepts assignment of the CHAMPUS determined allowable cost or charge as the total **payment** (even though less than the actual charge), whether paid for fully by the CHAMPUS allowable amount or requiring cost-sharing by the beneficiary (or **sponsor**). See Chapter 6.A.8. for more information on the Participating Provider.

Party to a Hearing. An appealing party or parties and CHAMPUS.

Party to the Initial Determination. Includes CHAMPUS and also refers to a CHAMPUS beneficiary and a participating provider of services whose interests have been adjudicated by the **initial** determination. In addition, a provider who has been denied **approval** as-an authorized CHAMPUS provider is a party to-that initial determination, as is a provider who is disqualified or excluded as an authorized provider under CHAMPUS, unless the provider is excluded based on a determination of abuse or fraudulent practices or procedures under another federal or federally funded program. See Chapter 10 for additional information concerning parties not entitled to administrative review under the CHAMPUS appeals and hearing procedures.

Pastoral Counselor. An **extramedical** individual provider who meets the requirements outlined in Chapter 6 of the Regulation.

Pharmacist. A person who is **trained** specially in the scientific basis of pharmacology and who is licensed to prepare and sell or dispense drugs and compounds and to make up prescriptions ordered by a physician.

Physical Medicine Services or Physiatry Services. The treatment of disease or injury by physical means such as massage, hydrotherapy, or heat.

Physical Handicap. A physical condition of the body that meets the following **criteria:**

1. Duration. The condition is expected to result in death, or has lasted, or with reasonable certainty is expected to last, for a minimum period of 12 months; and
2. Extent. The condition is of such severity as to preclude the individual from engaging in substantially basic productive activities of daily living expected of unimpaired persons of the same age group.

Physical Therapist. A person who is trained specially in the skills and techniques of physical therapy (that is, the treatment of disease by physical agents and methods such as heat, massage, manipulation, therapeutic exercise, hydrotherapy, and various forms of **energy** such as electrotherapy and ultra- sound), who has been authorized legally (that is, registered) to administer treatments prescribed by a physician and who is entitled legally to use the designation "Registered Physical Therapist. " A physical therapist also may be called a physiotherapist.

Physician. A person with a degree of Doctor of Medicine (M.D.) or Doctor of Osteopathy (D.O.) who is licensed to practice medicine by an appropriate authority.

Physician in Training. Interns, residents, and fellows participating in approved postgraduate training programs and physicians who are not in approved programs but who are authorized to practice **only** in a hospital or other institutional provider setting, e.g., individuals with temporary or restricted licenses, or unlicensed graduates of foreign medical schools.

Podiatrist (Doctor of Podiatry or Surgical Chiropody). A person who has received a degree in **podiatry** (formerly called chiropody), that is, that specialized field of the healing arts that deals with the study and care of the foot, including its anatomy, pathology, and medical and surgical treatment.

Preauthorization. A decision issued in writing by the Director, OCHAMPUS, or a designee, that "CHAMPUS benefits are payable for certain services that a beneficiary has not yet received.

Prescription Drugs and Medicines. **Drugs and** medicines which at the time of use were approved for commercial marketing by the U.S. Food and Drug Administration, and which, by law of the United States, require a physician's or dentist's prescription, except that it includes insulin for known diabetics whether or not a prescription is required. Drugs grandfathered by the Federal Food, Drug and Cosmetic Act of 1938 may be covered **under** CHAMPUS as if FDA approved.

NOTE : The fact. that the U.S. Food and Drug Administration has approved a drug for testing on humans would not qualify it within this definition.

Preventive Care. Diagnostic and other medical procedures not related directly to a-specific illness, injury, or definitive set of symptoms, or obstetrical care, but rather performed as periodic health screening, health assessment, or health maintenance.

Primary Payer. The plan or program whose medical benefits are payable first in a double coverage situation.

Private Duty (Special) Nursing Services. Skilled nursing services rendered to an individual **patient** requiring intensive medical care. Such private duty (special) nursing must be by an actively practicing registered nurse (R.N.) or licensed practical or vocational nurse (L.P.N. or L.V.N.) only when the medical condition of the patient requires **intensive** skilled nursing services (rather than primarily providing the essentials of daily living) and when such skilled nursing care is ordered by the attending physician.

Private Room. A room with one **bed** that is designated as a private room by the hospital or other authorized institutional provider.

Program for the Handicapped (PFTH). The special program set forth in Chapter 5 of this Regulation, through which dependents of active **duty** members receive supplemental benefits for the moderately or severely mentally retarded and the seriously physically handicapped over and above those medical benefits available under the Basic Program.

Progress notes. Progress notes are an essential component of the medical record wherein health care personnel provide written evidence of ordered and supervised diagnostic tests, treatments, medical procedures, therapeutic behavior and outcomes. In the case of mental health care, progress notes must include: the date of the therapy session; length of the therapy session; a notation of the patient's signs and symptoms; the issues, pathology and specific behaviors addressed in the therapy session; a statement summarizing the therapeutic interventions attempted during the therapy session; descriptions of the response to treatment, the outcome of the treatment, and the response to significant others; and a statement summarizing the patient's degree of progress toward the treatment goals. Progress notes do not need to repeat all that was said during a therapy session but must document a patient contact and be sufficiently detailed to allow for both peer review and audits to substantiate the quality and quantity of care rendered.

Prosthetic Device (Prosthesis). An artificial substitute for a missing body part.

Provider. A hospital or other institutional provider, a physician, or other individual professional provider, or other provider of services or supplies as specified in Chapter 6 of this Regulation.

Provider Exclusion and Suspension. The terms "exclusion" and "suspension", when referring to a provider under CHAMPUS, both mean the denial of status as an authorized provider, resulting in items, services, or supplies furnished by the provider not being reimbursed, directly or indirectly, under CHAMPUS. The terms may be used interchangeably to refer to a provider who has been denied status as an authorized CHAMPUS provider based on 1) a criminal conviction or civil judgment involving fraud, 2) an administrative finding of fraud or abuse under CHAMPUS, 3) an administrative finding that the provider has been excluded or suspended by another agency of the Federal Government, a state, or a local licensing authority, 4) an administrative finding that the provider has knowingly participated in a conflict of interest situation, or 5) an administrative finding that it is in the best interests of the CHAMPUS or CHAMPUS beneficiaries to exclude or suspend the provider.

Provider Termination. When a provider's status as an authorized CHAMPUS provider is ended, other than through exclusion or suspension, based on a finding that the provider does not meet the qualifications, as set forth in Chapter 6 of this Regulation, to be an authorized CHAMPUS provider.

Psychiatric Emergency. A psychiatric inpatient admission is an emergency when, based on a psychiatric evaluation performed by a physician (or other qualified mental health care professional with hospital admission authority), the patient is at immediate risk of serious harm to self or others as a result of a mental disorder and requires immediate continuous skilled observation at the acute level of care.

Radiation Therapy Services. The treatment of diseases by x-ray, radium, or radioactive isotopes when ordered by the attending physician.

Referral. The act or an instance of referring a CHAMPUS beneficiary to another authorized provider to obtain necessary medical treatment. Under CHAMPUS, only a physician may make referrals.

Registered Nurse. A person who is prepared specially in the scientific basis of nursing, who is a graduate of a school of nursing, and who is **regis-**tered for practice after examination by a state board of nurse examiners or similar regulatory authority, who holds a current, valid license, and who is entitled legally to use the designation R.N.

Representative. Any person who has been appointed by a party to the **ini-**tial determination as counsel or advisor and who is otherwise eligible to serve as the counsel or advisor of the party to the initial determination, particularly in connection with a hearing.

Resident (Medical). A graduate physician or dentist who has an M.D. or **D.O.** degree, or **D.D.S.** or **D.M.D.** degree, respectively, is licensed to practice, and who chooses to remain on the house staff of a hospital to get further training that will qualify him or her for a medical or dental specialty.

Residential Treatment Center (RTC). A facility (or distinct part of a facility) which meets the criteria in Chapter **6.B.4.**

Retiree. A member or former member of a Uniformed Service who is entitled to retired, retainer, or equivalent pay based **on** duty in a Uniformed Service.

Routine Eye Examinations. The services rendered in order to determine the refractive state of the eyes.

Sanction. For purpose of Chapter 9, "sanction" means a provider exclusion, suspension, or termination.

Secondary Payer. The plan or program whose medical benefits are payable in double coverage **situations** only after the primary payer has adjudicated the claim.

Semiprivate Room. A room containing at least two beds. If a room is designated publicly as a **semiprivate** accommodation by the hospital or other authorized institutional provider and contains multiple beds, it qualifies as a semiprivate room for the purposes of CHAMPUS.

Skilled Nursing Facility. An institution (or a distinct part of an institution) that meets the criteria as set forth in subsection B.4. of Chapter 6 of this Regulation.

Skilled Nursing Service. A service that can only be furnished by an R.N., or L.P.N. or L.V.N., and is required to be performed under the supervision of a physician to ensure the safety of the patient and achieve the medically desired result. Examples of skilled nursing services are intravenous or intramuscular injections, **levin** tube or **gastrostomy** feedings, or tracheotomy aspiration and insertion. Skilled nursing services are other than those services that provide primarily support for the essentials of daily living or that could **be** performed by an untrained adult with minimum instruction or supervision.

Specialized Treatment Service Facility. A military or civilian medical treatment facility specifically designated pursuant to Chapter 4, paragraph A.10, to be a referral facility for certain highly specialized care. For this **purpose**, a civilian medical treatment facility may **be** another federal facility (such as a Department of Veterans Affairs hospital).

Special Tutoring. Teaching or instruction provided by a private teacher to an individual usually in a private or separate setting to enhance the educational development of an individual in one or more study areas.

Spectacles, Eyeglasses, and Lenses. Lenses, including contact lenses, that help to correct faulty vision.

Sponsor. An active duty member, retiree, or deceased active duty member or retiree, of a Uniformed Service upon whose status his or her dependents' eligibility for CHAMPUS is based.

Spouse. A lawful wife or husband regardless of whether or not dependent upon the active duty member or retiree.

Student Status. A dependent of a member or former member of a Uniformed Service who has not passed his or her 23rd birthday, and is enrolled in a full-time course of study in an institution of higher learning.

Suppliers of Portable X-Ray Services. A supplier that meets the conditions of coverage of the Medicare program, set forth in the Medicare regulations (reference (m)), or the Medicaid program in the state in which the covered service is provided.

Surgery. Medically appropriate operative procedures, including" related preoperative and postoperative care; reduction of fractures and dislocations; injection and needling procedures of the joints; laser surgery of the eye; and those certain procedures listed in paragraph C.2.a. of Chapter 4 of this Regulation.

Surgical Assistant. A physician (or dentist or podiatrist) who assists the operating surgeon in the performance of a covered surgical service when such assistance is certified as necessary by the attending surgeon, when the type of surgical procedure being performed is of such complexity and seriousness as to require a surgical assistant, and when interns, residents, or other house staff are not available to provide the surgical assistance services in the specialty area required.

Suspension of Claims Processing. The temporary suspension of processing (to protect the government's interests) of claims for care furnished by a specific provider (whether the claims are submitted by the provider or beneficiary) or claims submitted by or on behalf of a specific CHAMPUS beneficiary pending action by the Director, OCHAMPUS, or a designee, in a case of suspected fraud or abuse. The action may include the administrative remedies provided for in Chapter 9 or any other Department of Defense issuance (e.g. DoD issuances implementing the Program Fraud Civil Remedies Act), case development or investigation by OCHAMPUS, or referral to the Department of Defense-Inspector General or the Department of Justice for action within their cognizant jurisdictions.

Teaching Physician. A teaching physician is any physician whose duties include providing medical training to physicians in training within a hospital or other institutional provider setting.

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Timely Filing. The filing of **CHAMPUS** claims within the prescribed time limits as set forth in Chapter 7 of this Regulation.

Treatment Plan. A detailed description of the medical care being rendered or expected to be rendered a CHAMPUS beneficiary seeking approval for inpatient benefits for which **preauthorization** is required as set forth in section B. of Chapter 4 of this Regulation. A treatment plan must include, at a minimum, a diagnosis (either **ICD-9-CM** or **DSM-III**); detailed reports of prior treatment, medical history, family history, social history, and physical examination; diagnostic test results; consultant's reports (if any); proposed treatment by type (such as surgical, medical, and psychiatric); a description of who is or will **be** providing treatment (by discipline or specialty); anticipated frequency, medications, and specific goals of treatment; type of inpatient facility required and why (including length of time the related inpatient stay will **be** required); and prognosis. If the treatment plan involves the transfer of a CHAMPUS patient from a hospital or another inpatient facility, medical records related to that inpatient stay also are required as a part of the treatment plan documentation.

Uniformed Services. The Army, Navy, Air Force, Marine Corps, Coast Guard, **Commissioned** Corps of the USPHS, and the Commissioned Corps of the NOAA.

Veteran. A person who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable.

NOTE: Unless the veteran is eligible for "retired pay," "retirement pay," or "retainer pay," **which** refers to payments of a continuing nature and are payable at fixed intervals from the government for military service neither the veteran nor his or her dependents are eligible for benefits under CHAMPUS.

Well-Baby Care. A specific program of periodic health screening, developmental **assessment**, and routine immunization for children from birth up to 2 years.

Widow or Widower. A person who was a spouse at the time of death of the active duty member or retiree and who has **not** remarried.

Worker's Compensation Benefits. Medical benefits available under any worker's **compensation law (including the Federal Employees Compensation Act)**, occupational disease law, employers liability law, or any **other** legislation of similar purpose, or under the maritime doctrine of maintenance, wages, and cure.

X-Ray Services. An x-ray examination from which an x-ray film or other image is produced, ordered by the attending physician when necessary and rendered in connection with a medical or surgical diagnosis or treatment of **an** illness or injury, or in connection with maternity or well-baby care.

CHAPTER 4

BASIC PROGRAM BENEFITS

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CHAPTER 4
BASIC PROGRAM BENEFITS

A. GENERAL

The CHAMPUS Basic Program is essentially a supplemental program to the Uniformed Services direct medical care system. The Basic Program is similar to private medical insurance programs, and is designed to provide financial assistance to CHAMPUS beneficiaries for certain prescribed medical care obtained from civilian sources.

1. Scope of benefits. Subject to all applicable definitions, conditions, limitations, or exclusions specified in this Regulation, the CHAMPUS Basic Program will pay for medically necessary services and supplies required in the diagnosis and treatment of illness or injury, including maternity care and well-baby care. Benefits include specified medical services and supplies provided to eligible beneficiaries from authorized civilian sources such as hospitals, other authorized institutional providers, physicians, other authorized individual professional providers, and professional ambulance service, prescription drugs, authorized medical supplies, and rental or purchase of durable medical equipment.

2. Persons eligible for Basic Program benefits. Persons eligible to receive the Basic Program benefits are set forth in Chapter 3 of this Regulation. Any person determined to be an eligible CHAMPUS beneficiary is eligible for Basic Program benefits.

3. Authority to act for CHAMPUS. The authority to make benefit determinations and authorize the disbursement of funds under CHAMPUS is restricted to the Director, OCHAMPUS; designated OCHAMPUS staff; Director, OCHAMPUSEUR; or CHAMPUS fiscal intermediaries. No other persons or agents (such as physicians, staff members of hospitals, or CHAMPUS health benefits advisors) have such authority.

4. Status of patient controlling for purposes of cost-sharing. Benefits for covered services and supplies described in this chapter will be extended either on an inpatient or outpatient cost-sharing basis in accordance with the status of the patient at the time the covered services and supplies were provided, unless otherwise specifically designated (such as for ambulance service or maternity care). For cost-sharing provisions, refer to section F. of this chapter.

5. Right to information. As a condition precedent to the provision of benefits hereunder, OCHAMPUS or its CHAMPUS fiscal intermediaries shall be entitled to receive information from a physician or hospital or other person, institution, or organization (including a local, state, or U.S. Government agency) providing services or supplies to the beneficiary for which claims or requests for approval for benefits are submitted. Such information and records may relate to the attendance, testing, monitoring, or examination or diagnosis of, or treatment rendered, or services and supplies furnished to a beneficiary, and shall be necessary for the accurate and efficient administration of CHAMPUS benefits. Before a determination will be made on a request for preauthorization or claim of benefits, a beneficiary or sponsor must provide particular additional information relevant to the requested determination.

tion, when necessary. The recipient of such information shall in every case hold such records confidential except when (a) disclosure of such information is authorized specifically by the beneficiary; (b) disclosure is necessary to permit authorized governmental officials to investigate and prosecute criminal actions, or (c) disclosure is authorized or required specifically under the terms of the Privacy Act or Freedom of Information Act (references (i) through (k)) (refer to section M. of chapter 1 of this Regulation). For the purposes of determining the applicability of and implementing the provisions of chapters 8, 11 and 12, or any provision of similar purpose of any other medical benefits coverage or entitlement, OCHAMPUS or CHAMPUS fiscal intermediaries may release, without consent or notice to any beneficiary or sponsor, to any person, organization, government agency, provider, or other entity any information with respect to any beneficiary when such release constitutes a routine use published in the Federal Register in accordance with DoD 5400.11-R (reference (k)). Before a person's claim of benefits will be adjudicated, the person must furnish to CHAMPUS information that reasonably may be expected to be in his or her possession and that is necessary to make the benefit determination. Failure to provide the requested information may result in denial of the claim.

6. Physical examinations. The Director, OCHAMPUS, or a designee, may require a beneficiary to submit to one or more medical (including psychiatric) examinations to determine the beneficiary's entitlement to benefits for which application has been made or for otherwise authorized medically necessary services and supplies required in the diagnosis or treatment of an illness or injury (including maternity and well-baby care). When a medical examination has been requested, CHAMPUS will withhold payment of any pending claims or preauthorization requests on that particular beneficiary. If the beneficiary refuses to agree to the requested medical examination, or unless prevented by a medical reason acceptable to OCHAMPUS, the examination is not performed within 90 days of initial request, all pending claims for services and supplies will be denied. A denial of payments for services or supplies provided before (and related to) the request for a physical examination is not subject to reconsideration. The medical examination and required beneficiary travel related to performing the requested medical examination will be at the expense of CHAMPUS. The medical examination may be performed by a physician in a Uniformed Services medical facility or by an appropriate civilian physician, as determined and selected by the Director, OCHAMPUS, or a designee who is responsible for making such arrangements as are necessary, including necessary travel arrangements.

7. Claims filing deadline. For all services provided on or after January 1, 1993, to be considered for benefits, all claims submitted for benefits, must, except as provided in Chapter 7, of this regulation, be filed with the appropriate CHAMPUS contractor no later than one year after the services are provided. Unless the requirement is waived, failure to file a claim within the deadline waives all rights to benefits for such services or supplies.

8. Double coverage and third party recoveries. CHAMPUS claims involving double coverage or the possibility that the United States can recover all or a part of its expenses from a third party, are specifically subject to the provisions of Chapter 8 or Chapter 12 of this Regulation as appropriate.

9. Nonavailability Statements within a 40-mile catchment area. In some geographic locations (or under certain special circumstances), it is necessary for a CHAMPUS beneficiary to determine whether the required medical care can be provided through a Uniformed Service facility. If the required medical care cannot be provided, the hospital commander, or a designee, will issue a **Nonavailability Statement** (DD Form 1251). Except for emergencies, a **Nonavailability Statement** should be issued before medical care is obtained from a civilian source. Failure to secure such a statement may waive the beneficiary's rights to benefits under CHAMPUS.

a. Rules applicable to issuance of **Nonavailability Statement** (DD Form 1251).

(1) The **ASD(HA)** is responsible for issuing rules and regulations regarding Nonavailability Statements.

(2) A **Nonavailability Statement (NAS)** is required for services in connection with **nonemergency** inpatient hospital care if such services are available at a facility of the Uniformed Services located within a 40-mile radius of the residence of the beneficiary, except that a NAS is not required for services otherwise available at a facility of the Uniformed Services located within a 40-mile radius of the beneficiary's residence when another insurance **plan** or program provides the beneficiary primary coverage for the services.

(3) An NAS is also required for selected outpatient procedures if such services are not available at a Uniformed Service facility (excluding facilities which are exclusively outpatient clinics) located within a 40-mile radius (catchment area) of the residence of the beneficiary. **This** does not apply to emergency services or for services for which another insurance plan or program provides the beneficiary primary coverage. Any changes to the selected outpatient procedures will be published in the Federal Register at least 30 **days** before the effective date of the change by the **ASD(HA)** and will be limited to the following categories: outpatient surgery and other selected outpatient procedures which have high unit costs and for which care may be available in military treatment facilities generally. The **selected** outpatient procedures will be uniform **for** all CHAMPUS beneficiaries.

(4) In addition to NAS requirements set forth in paragraph A.9, of this chapter, additional **NAS** requirements are established pursuant to paragraph A.10, of this chapter in connection with highly specialized care in national or 200 mile catchment areas of military or civilian Specialized Treatment Services Facilities.

b. Beneficiary responsibility. The beneficiary is responsible for securing information whether or not he or she resides in a geographic area that requires obtaining a **Nonavailability Statement**. Information concerning current rules and regulations may be obtained from the Offices of the Army, Navy, and Air Force Surgeon Generals; or a CHAMPUS health benefits advisor; or the Director, OCHAMPUS, or a designee; or from the appropriate CHAMPUS fiscal intermediary.

c. Rules in effect at time civilian medical care is provided apply. The applicable rules and regulations regarding **Nonavailability Statements** in effect at the time the civilian care is rendered apply in determining whether a **Nonavailability Statement** is required.

d. Nonavailability Statement (DD Form 1251) must be filed with applicable claim. When a claim is submitted for CHAMPUS benefits that includes **services** for which a **Nonavailability Statement** was issued, a valid **Nonavailability Statement** authorization must be on **DEERS**.

e. Nonavailability Statement (1'1AS) and claims adjudication.

(1) A NAS is valid for the adjudication of CHAMPUS claims for all related care otherwise authorized by this Regulation which is received from a civilian source while the beneficiary resided within the Uniformed Service facility **catchment** area which issued the NAS.

(2) A requirement for a NAS for inpatient hospital maternity care must be met for CHAMPUS cost-share of any related outpatient maternity care.

10. Nonavailability Statements in national or 200-mile catchment areas for highly specialized care available in selected military or civilian Specialized Treatment Service Facilities.

a. Specialized Treatment Service Facilities. STS Facilities may be designated for certain high cost, high technology procedures. The purpose of such designations is to concentrate patient referrals for certain highly specialized procedures which are of relatively low incidence **and/or** relatively high per case cost and which require patient concentration to permit resource investment and enhance the effectiveness of quality assurance efforts.

b. Destination. Selected military treatment facilities and civilian facilities will be designated by the Assistant Secretary of Defense for Health Affairs as STS Facilities for certain procedures. These designations will be based on the highly specialized capabilities of these selected facilities. For each STS designation for which NASS in national or 200-mile catchment areas will be required, there shall be a determination that total government costs associated with providing the service under the Specialized Treatment Services program will in aggregate be less than the total government cost of that service under the normal operation of CHAMPUS. There shall also be a determination that the Specialized Treatment Services Facility meets a standard of excellence in quality comparable to that prevailing **in** other specialized medical centers in the nation or region that provide the services involved.

c. Organ transplants and similar procedures. For organ transplants and procedures of similar extraordinary specialization, military or civilian STS Facilities may be designated for a nationwide catchment area, covering all 50 states, the District of Columbia and Puerto Rico (or, alternatively, for any portion of such a nationwide area).

d. Other highly specialized procedures. For other highly specialized procedures, military or civilian STS Facilities will be designated for catchment areas of up to approximately 200 miles radius. The exact **geographical** area covered for each STS Facility will be identified by reference to State and local

governmental jurisdictions, zip code groups or other method to describe an area within an approximate radius of 200 miles from the facility. In paragraph A.10 of this chapter, this **catchment** area is referred to as a "200-mile **catchment** area".

e. NAS requirement. For procedures subject to a nationwide catchment area NAS **requirement** under paragraph A.10.C. of this chapter or a 200-mile catchment area NAS requirement under paragraph **A.10.d** of this chapter CHAMPUS cost sharing is not allowed unless the services are **obtained** from a designated civilian Specialized Treatment Services program (as authorized) or an NAS has been issued. This rule is subject to the exception set forth in paragraph **A.10.f** of this chapter. This **NAS** requirement is a general requirement of the CHAMPUS program.

f. Exceptions. Nationwide catchment area **NASs** and 200-mile catchment area **NASS** are not required in any of the following circumstances:

(1) An emergency.

(2) When another insurance plan or program provides the beneficiary primary coverage for the services.

(3) A case-by-case waiver is granted based on a medical judgment made by the commander of the STS Facility (or other person designated for this purpose) that, although the care is available at the facility, it would be medically inappropriate because of a delay in the treatment or other special reason to require that the STS Facility be used; or

(4) A case-by-case waiver is granted by the commander of the STS Facility (or other person designated for this purpose) that, although the care is available at the facility, use of the facility would impose exceptional hardship on the **beneficiary** or the beneficiary's family.

g. Waiver process A process shall be established for beneficiaries to request a case-by-case waiver under paragraphs **A.10.f.** (3)(4) of this chapter. This process shall include:

(1) An opportunity for the beneficiary (and/or the beneficiary's physician) to submit information the beneficiary believes justifies a waiver.

(2) A written decision from a person designated for the purpose on the request for a waiver, including a statement of the reasons for the decision.

(3) An opportunity for the beneficiary to appeal an unfavorable decision to a designated appeal authority not involved in the initial decision; and

(4) A written decision on the appeal, including a statement of the reasons for the decision.

h. Notice. The Assistant Secretary of Defense for Health Affairs will annually publish in the Federal Register a notice of **all** military and civilian STS Facilities, including a listing of the several procedures subject to nationwide catchment area **NASs** and the highly specialized procedures subject to 200-mile **catchment** area **NASSs**.

RESERVED

i. Specialized procedures. Highly specialized procedures that may be established as subject to 200-mile catchment area NASS are limited to:

(1) Medical and surgical diagnoses requiring inpatient hospital treatment of an unusually intensive nature, documented by a DRG-based payment system weight (pursuant to Chapter 14, paragraph A1) for a single DRG or an aggregated DRG weight for a category of DRGs of at least 2.0 (i.e., treatment is at least two times as intensive as the average CHAMPUS inpatient case).

(2) Diagnostic or therapeutic services, including outpatient services, related to such inpatient categories of treatment.

(3) Other procedures which require highly specialized equipment the cost of which exceeds \$1,000,000 (e.g., lithotripter, positron emission tomography equipment) and such equipment is underutilized in the area; and

(4) Other comparable highly specialized procedures as determined by the Assistant Secretary of Defense for Health Affairs.

j. Quality standards. Any facility designated as a military or civilian STS Facility under paragraph A.10 of this chapter shall be required to meet quality standards established by the Assistant Secretary of Defense for Health Affairs. In the development of such standards, the Assistant Secretary shall consult with relevant medical speciality societies and other appropriate parties. To the extent feasible, quality standards shall be based on nationally recognized standards.

k. NAS procedures. The provisions of paragraphs A.9.b through A.9.e of this chapter regarding procedures applicable to NASSs shall apply to expanded catchment area NASS required by paragraph A.10 of this chapter.

l. Travel and lodging expenses. In accordance with guidelines issued by the Assistant Secretary of Defense for Health Affairs, certain travel and lodging expenses associated with services under the Specialized Treatment Services program may be fully or partially reimbursed.

m. Preference for military facility use. In any case in which services subject to an NAS requirement under paragraph A.10 of this chapter are available in both a military STS Facility and from a civilian STS Facility, the military Facility must be used unless use of the civilian Facility is specifically authorized.

11. Quality and Utilization Review Peer Review Organization program. All benefits under the CHAMPUS program are subject to review under the CHAMPUS Quality and Utilization Review Peer-Review Organization program pursuant to Chapter 15. Utilization and quality review of mental health services are also part of the Peer Review Organization program, and are addressed in paragraph A.12 of this chapter.)

12. Utilization review, quality assurance and preauthorization for inpatient mental health services.

a. In general. The Director, OCHAMPUS shall provide, either directly or through contract., a program of utilization and quality review for all mental health care services. Among other things, this program shall include mandatory

preadmission authorization before nonemergency inpatient mental health services may be provided and mandatory approval of continuation of inpatient services within 72 hours of emergency admissions. This program shall also include requirements for other pretreatment authorization procedures, concurrent review of continuing inpatient and partial hospitalization care, retrospective review, and other such procedures as determined appropriate by the Director, OCHAMPUS. The provisions of paragraph H of this chapter and paragraph F, Chapter 15, shall apply to this program. The Director, OCHAMPUS, shall establish, pursuant to paragraph F., Chapter 15, procedures substantially comparable to requirements of paragraph H of this chapter and Chapter 15. If the utilization and quality review program for mental health care services is provided by contract, the contractor(s) need not be the same contractor(s) as are engaged under Chapter 15 in connection with the review of other services.

b. Preadmission authorization.

(1) This section generally requires preadmission authorization for all nonemergency inpatient mental health services and prompt continued stay authorization after emergency admissions. It also requires preadmission authorization for all admissions to a partial hospitalization program, without exception, as the concept of an emergency admission does not pertain to a partial hospitalization level of care. Institutional services for which payment would otherwise be authorized, but which were provided without compliance with preadmission authorization requirements, do not qualify for the same payment that would be provided if the preadmission requirements had been met.

(2) In cases of noncompliance with preauthorization requirements, a payment reduction shall be made in accordance with Chapter 15, paragraph B.4.c.

(3) For purposes of paragraph A.12.b. (2) of this chapter, a day of services without the appropriate preauthorization is any day of services provided prior to:

(a) the receipt of an authorization; or

(b) the effective date of an authorization subsequently received.

(4) Services for which payment is disallowed under paragraph A.12.b. (2) of this chapter may not be billed to the patient (or the patient's family).

13. Implementing instructions. The Director, OCHAMPUS, shall issue policies, procedures, instructions, guidelines, standards, and/or criteria to implement this chapter.

B. INSTITUTIONAL BENEFITS

1. General. Services and supplies provided by an institutional provider authorized as set forth in Chapter 6 of this Regulation may be cost-shared only when such services or supplies (i) are otherwise authorized by this Regulation; (ii) are medically necessary; (iii) are ordered, directed, prescribed, or delivered by an

OCHAMPUS-authorized individual professional provider as set forth in Chapter 6 of this Regulation or by an employee of the authorized institutional provider who is otherwise eligible to be a CHAMPUS authorized individual professional provider; (iv) are delivered in accordance with generally accepted norms for clinical practice in the United States; (v) meet established quality standards; and (vi) comply with applicable definitions, conditions, limitations, exceptions, or exclusions as otherwise set forth in this Regulation.

1 1 a. Billing practices. To be considered for benefits under this section B., covered services and supplies must be provided and billed for by a hospital or other authorized institutional provider. Such billings must be fully itemized and sufficiently descriptive to permit CHAMPUS to determine whether benefits are authorized by this Regulation. Depending on the individual circumstances, teaching physician services may be considered an institutional benefit in accordance with this Section or a professional benefit under Section C. See paragraph C.3.m. of the Chapter for the CHAMPUS requirements regarding teaching physicians. In the case of continuous care, claims shall be submitted to the appropriate CHAMPUS fiscal intermediary at least every 30 days either by the beneficiary or sponsor or, on a participating basis, directly by the facility on behalf of the beneficiary (refer to Chapter 7).

b. Successive inpatient admissions. Successive inpatient admissions shall be deemed one inpatient confinement. for the purpose of computing the active duty dependent's share of the inpatient institutional charges, provided not more than 60 days have elapsed between the successive admissions, except that successive inpatient admissions related to a single maternity episode shall be considered one confinement, regardless of the number of days between admissions. For the purpose of applying benefits, successive admissions will be determined separately for maternity admissions. and admissions related to an accidental injury (refer to section F. of this chapter).

c. Related services and supplies. Covered services and supplies must be rendered in connection with and related directly to a covered diagnosis or definitive set of symptoms requiring otherwise authorized medically necessary treatment.

d. Inpatient, appropriate level required. For purposes of inpatient care, the level of institutional care for which Basic Program benefits may be extended must be at the appropriate level required to provide the medically necessary treatment except for patients requiring skilled nursing facility care. For patients for whom skilled nursing facility care is adequate, but is not available in the general locality, benefits may be continued in the higher level care facility. General locality means an area that includes all the skilled nursing facilities within 50 miles of the higher level facility, unless the higher level facility can demonstrate that the skilled nursing facilities are inaccessible to its patients. The decision as to whether a skilled nursing facility is within the higher level facility's general locality, or the skilled nursing facility is inaccessible to the higher level facility's patients shall be a CHAMPUS contractor initial determination for the purposes of appeal under chapter 10 of this regulation. CHAMPUS institutional benefit payments shall be limited to the

allowable cost that would have been incurred in the skilled nursing facility, as determined by the Director, **OCHAMPUS**, or a designee. If it is determined that the institutional care can **be** provided reasonably in the home setting, no CHAMPUS institutional benefits are payable.

e. General or special education not covered. Services and supplies related to the provision of either regular or special education generally are not covered. Such exclusion applies whether a separate charge is made for education or whether it is included as a part of an overall combined **daily** charge of an institution. In the latter instance, that portion of the overall combined daily charge related to education must be determined, based **on** the allowable costs of the educational component, and deleted from the institution's charges before CHAMPUS benefits can be extended. The only exception is when appropriate education is not available from or not payable by the cognizant public entity. Each case must be referred to the Director, **OCHAMPUS**, or a designee, for review and a determination of the applicability of CHAMPUS benefits.

2. Covered hospital services and supplies

a. Room and board. Includes special diets, laundry services, and other general housekeeping support services (inpatient only).

b. General staff nursing services.

(b) A preliminary treatment plan must be established within 24 hours of the admission.

(c) A master treatment plan must **be** established within ten calendar days of the admission.

(3) The elements of the individualized treatment plan must include:

(a) The diagnostic evaluation that establishes the necessity for the admission;

(b) An assessment regarding the inappropriateness of services at a less intensive level of care;

(c) A comprehensive, **biopsychosocial** assessment and diagnostic formulation;

(d) A specific individualized treatment plan that integrates measurable **goals/objectives** and their required level of care for each of the patient's problems that are a focus of treatment;

(e) A specific plan for involvement of family members, unless therapeutically contraindicated; and

(f) A discharge plan, including an objective of referring the patient to further services, if needed, at less intensive levels of care within the benefit limit period.

(4) Preauthorization requests should be made not fewer than two business days prior to the planned admission. In general, the decision regarding preauthorization shall be made within one business day of receipt of a request for **preauthorization**, and shall be followed with written confirmation. **Pre-**authorizations are valid for the period of time, appropriate to the type of care involved, stated when the preauthorization is issued. In general, **pre-**authorizations are valid for 30 days.

i. Concurrent review. Concurrent review of the necessity for continued stay will be conducted no less frequently than every 30 days. The criteria for concurrent review shall be those set forth in paragraph B.4.g. of this chapter. **In applying** those criteria in the context of concurrent review, special emphasis is placed on evaluating the progress being made in the active individualized clinical treatment being provided and on developing appropriate discharge plans.

5. Extent of institutional benefits

a. Inpatient room accommodations

(1) Semiprivate. The allowable costs for room and board furnished an individual patient are payable for semiprivate accommodations in a hospital or other authorized institution, subject to appropriate cost-sharing

provisions (refer to section F. of this chapter). A semiprivate accommodation is a room containing at least two beds. Therefore, if a room publicly is designated by the **institution** as a semiprivate accommodation and contains multiple beds, it qualifies as semiprivate for the purpose of **CHAMPUS**.

(2) Private A room with one bed that is designated as a private room by the hospital or other authorized institutional provider. The allowable cost of a private room accommodation is covered only under the following conditions:

(a) When its use is required medically and when the attending physician certifies that a private room is necessary medically for the proper care and treatment of a patient; or

(b) When a patient's medical condition requires isolation;
or

(c) When a patient (in need of immediate inpatient care but not requiring a private room) is admitted to a hospital or other authorized institution that has semiprivate accommodations, but at the time of admission, such accommodations are occupied; or

(d) **When** a patient is admitted to an acute care hospital (general or special) without semiprivate rooms.

(3) Duration of private room stay. The allowable cost of private accommodations is covered under the circumstances described in subparagraph **B.5.a. (2)** of this chapter until the patient's condition no longer requires the private room for medical reasons or medical isolation; or, in the case of the patient not requiring a private room, when a semiprivate accommodation becomes available; or, in the case of an acute care hospital (general or special) which does not have semiprivate rooms, for the duration of an otherwise covered inpatient stay.

(4) Hospital (except an acute care hospital, general or special) or other authorized institutional provider without semiprivate accommodations. When a beneficiary is admitted to a hospital (except an acute care hospital, general or special) or other institution that has no semiprivate accommodations, for any inpatient day when the patient qualifies for use of a private room (as set forth in subparagraphs **B.5.a. (2)(a) and (b)**, above), the allowable cost of private accommodations is covered. For any inpatient day in such a hospital or other authorized institution when the patient does not require medically the private room, the allowable cost of semiprivate accommodations is covered, such allowable costs to be determined by the Director, **OCHAMPUS**, or a designee.

b. General staff nursing services. General staff nursing services cover all nursing care (other than that provided by private duty nurses) including, but not limited to, general duty nursing, emergency room nursing, recovery room nursing, intensive nursing care, and group nursing arrangements. Only nursing services provided by nursing personnel on the payroll of the hospital or other authorized institution are eligible under this section B. If a nurse who is not on the payroll of the hospital or other

(4) Treatment services. All services, supplies, equipment and space necessary to fulfill the requirements of **each** patient's individualized diagnosis and treatment plan (with the exception of the five psychotherapy sessions per week which may be allowed separately for individual or family psychotherapy based upon the provisions of **B.10.g.** of this chapter.) All mental health services must be provided by a CHAMPUS authorized individual professional provider of mental health services. -[Exception: PHPs that employ individuals with master's or doctoral level degrees in a mental health discipline who do not meet the **licensure**, certification and experience requirements for a qualified mental health provider but are actively working toward **licensure** or certification, may provide services within the all-inclusive per diem rate but the individual must work under the clinical supervision of a fully qualified **mental** health provider employed by the **PHP.**]

g. Social services required. The facility must provide an active **social services component** which assures the patient appropriate **living** arrangements after treatment hours, transportation to and from the facility, arrangement of community based support services, referral of suspected child abuse to the appropriate state agencies, and effective after care arrangements, at a minimum.

h. Educational services required. Programs treating children and adolescents must ensure the provision of a state certified educational component which assures that patients do not fall behind in educational placement while receiving partial hospital treatment. CHAMPUS will not fund the cost of educational services separately from the per diem rate. The hours devoted to education do not count toward the therapeutic half or full day program.

i. Family rapy required. The facility must ensure the provision of an active family therapy treatment component which assures that each patient and family participate at least weekly in family therapy provided by the institution and rendered by a CHAMPUS authorized individual professional provider of mental health services. There is no acceptable substitute for **family** therapy. An exception to this requirement may be granted on a case-by-case basis by the Director, **OCHAMPUS**, or designee, only if family therapy is clinically contraindicated.

j. Professional mental health benefits limited. Professional mental health benefits are limited to a maximum of one session (60 minutes individual, 90 minutes family) per authorized treatment **day** not to exceed five sessions in any calendar week. These may be billed separately from the partial hospitalization per diem rate only when rendered by an attending, **CHAMPUS-authorized** mental health professional who is not an employee of, or under contract with, the partial **hospitalization** program for purposes of providing clinical patient care.

k. Non-mental health related medical services. Separate billing will be allowed for otherwise covered, non-mental health related medical services.

c. PROFESSIONAL SERVICES BENEFIT

1. General. **Benefits** may be extended for those covered services described in this section C., that are provided in accordance with good medical practice and established standards of quality by physicians or other **author-**ized individual professional providers, as set forth in Chapter 6 of this Regulation. Such benefits are subject to all applicable definitions, conditions, exceptions, limitations, or exclusion as may be otherwise set forth

in this or other chapters of this Regulation. Except as otherwise specifically authorized, to be considered for benefits under this section C., the described services must be rendered by a physician, or prescribed, ordered, and referred medically by a physician to other authorized individual professional providers. Further, except under specifically defined circumstances, there **should** be an attending physician in any episode of care. (For example, certain services of a clinical psychologist are exempt from this requirement. For these exceptions, refer to Chapter 6.)

a. **Billing practices.** To be considered for benefits under this section C., covered professional services must be performed personally by the physician or **other** authorized individual professional provider, who is other than a salaried or contractual staff member of a hospital or other authorized institution, and who ordinarily and customarily bills on a **fee-for-service** basis for professional services rendered. "Such billings must be itemized fully and sufficiently descriptive to permit CHAMPUS to determine whether benefits are authorized by this Regulation. See paragraph C.3.m. of this Chapter for the requirements regarding the special circumstances for teaching physicians. For continuing professional care, claims should be submitted to the appropriate CHAMPUS fiscal intermediary at least every 30 days either by the beneficiary or sponsor, or directly by the physician or other authorized individual professional provider on behalf of a beneficiary (refer to Chapter 7 of this Regulation).

b. Services must be related. Covered professional services must be rendered in connection with and directly related to a covered diagnosis or definitive set of symptoms requiring medically necessary treatment.

2. Covered services of physicians and other authorized individual professional providers

a. **Surgery.** Surgery means operative procedures, including related preoperative and postoperative care; reduction of fractures and dislocations; injection and needling procedures of the joints; laser surgery of the eye; and the following procedures:

Bronchoscopy
Laryngoscopy
Thoracoscopy
Catheterization of the heart
Arteriograph thoracic lumbar
Esophagoscopy
Gastrosopy
Proctoscopy
Sigmoidoscopy
Peritoneoscopy
Cystoscopy
Colonoscopy
Upper G.I. panendoscopy
Encephalograph
Myelography
Discography
Visualization of intracranial aneurysm by intracarotid
injection of dye, with exposure of carotid artery,
unilateral

c. Need for surgical assistance. Surgical assistance is payable only when the complexity of the procedure warrants a surgical assistant (other than the surgical nurse or other such operating room personnel), subject to utilization review. In order for benefits to be extended for surgical assistance service, the primary surgeon may be required to certify in writing to the **nonavailability** of a qualified intern, resident, or other house physician. **When** a claim is received for a surgical assistant involving the following circumstances, special review is required to **ascertain whether** the surgical assistance service meets the medical necessity and other requirements of this section C.

- (1) If the surgical assistance occurred in a hospital that has a residency program in a specialty appropriate to the surgery;
- (2) If the surgery was performed by a team of surgeons;
- (3) If there were multiple surgical assistants; or
- (4) If the surgical assistant was a partner of or from the same group of practicing surgeons as the attending surgeon.

d. Aftercare following surgery. Except for those diagnostic procedures classified as surgery in this section C. , and injection and needling procedures involving the joints, the benefit payments made for 'surgery (regardless of the setting in which it is rendered) include normal aftercare, whether the **aftercare** is billed for by the physician or other authorized individual professional provider on a **global, all-inclusive** basis, or billed for separately.

e. Cast and sutures, removal. The benefit payments made for the application of a cast or of sutures normally covers the postoperative care including the removal of the cast or sutures. When the application is made in one geographical location and the removal of the cast or sutures must be done in another geographical location, a separate benefit payment may be provided for the removal. The intent of this provision is to provide a separate benefit only when it is impracticable for the beneficiary to use the services of the provider that applied the cast originally. Benefits are not available for the services of a second provider if those services reasonably could have been rendered by the individual professional provider who applied the cast or sutures initially.

f. Inpatient care, concurrent. Concurrent inpatient care by more than one **individual** professional provider is covered if required because of the severity and complexity of the beneficiary's condition or because the beneficiary has multiple conditions that require treatment by providers of different specialities. Any claim for concurrent care must be reviewed before extending benefits in order to ascertain the condition of the beneficiary at the time the concurrent care was **rendered**. In the absence of such **determination**, benefits are payable only for inpatient care rendered by one attending physician or other authorized individual professional provider.

g. Consultants who become the attending surgeon. A consultation performed within 3 days of surgery by the attending physician is considered a preoperative examination. Preoperative examinations are an integral part of the surgery and a separate benefit is not payable for the consultation. If more than 3 days elapse between the consultation and surgery (performed by the same physician), benefits may be extended for the consultation, subject to review.

h. Anesthesia administered by the attending physician. A separate benefit is not payable for anesthesia administered by the attending physician (surgeon or obstetrician) or dentist, or by the surgical, obstetrical, or dental assistant.

i. Treatment of mental disorders. CHAMPUS benefits for the treatment of mental disorders are payable for **beneficiaries** who are outpatients or inpatients of CHAMPUS-authorized **general** or psychiatric hospitals, **RTCs**, or specialized treatment facilities, as authorized by the Director, OCHAMPUS, or a designee. **All** such services are subject to review for medical or psychological necessity and for quality of care. The Director, **OCHAMPUS**, reserves the right to require preauthorization of mental health services. Preauthorization may be conducted by the Director, OCHAMPUS, or a designee. In order to qualify for CHAMPUS mental **health** benefits, the patient must be diagnosed by a **CHAMPUS-authorized** licensed, qualified mental health professional to be suffering from a **mental** disorder, according to the criteria listed in the most current edition of the Diagnostic and Statistical Manual of Mental Disorders of the American Psychiatric Association. Benefits are limited for certain mental disorders, such as specific developmental disorders. No benefits are payable for "Conditions Not Attributable to a Mental Disorder," or V codes. In order for treatment of a mental disorder to be medically or psychologically necessary, the patient must, as a **result** of a diagnosed mental disorder, be experiencing both physical or psychological distress and an impairment in his or her ability to function in appropriate occupational, educational or social **roles**. It is generally the degree to which the patient's ability to function is impaired that determines the level of care (if any) required to treat the patient's condition.

(1) Covered diagnostic and therapeutic services. Subject to the requirements and **limitations** stated, CHAMPUS benefits are payable for the following services when rendered in the diagnosis or treatment of a covered mental disorder by a CHAMPUS-authorized, qualified mental health provider practicing within the scope of his or her license. Qualified mental health providers are: psychiatrists or other physicians; clinical psychologists, certified psychiatric nurse specialists or clinical social workers; and certified marriage and family therapists, pastoral, and mental health counselors, under a physician's **super-**vision. No payment will be made for any service listed in this subparagraph **C.3.i.(1)** rendered by an individual who does not meet the criteria of Chapter 6 of this Regulation for his or her respective profession, regardless of whether the provider is an independent professional provider or an employee of an authorized professional or institutional provider.

(a) Individual psychotherapy, adult or child. A covered individual psychotherapy session is no more than 60 minutes in length. An individual psychotherapy session of up to 120 minutes in length is payable for crisis intervention.

(1) Group psychotherapy. A covered group psychotherapy session is no more than 90 minutes in length.

(c) Family or conjoint psychotherapy " A covered family or conjoint psychotherapy session is no more than 90 minutes in length. A family or conjoint psychotherapy session of up to 180 minutes in length is payable for crisis intervention.

(d) Psychoanalysis. Psychoanalysis is covered when provided by a graduate or candidate of a psychoanalytic training institution recognized by the American Psychological Association or the American Psychiatric Association and when **preauthorized** by the Director, OCHAMPUS, or a designee.

1. Private duty (special) nursing. Benefits are available for the skilled nursing services rendered by a **private** duty (special) nurse to a beneficiary **requiring** intensive skilled nursing care that can only be provided with the technical proficiency and scientific skills of an R.N. The specific skilled nursing services being rendered are controlling, not the condition of the patient or the professional status of the private duty (special) nurse rendering the services.

(1) Inpatient private duty (special) nursing services are limited to those rendered to an inpatient in a hospital that does not have an ICU. In addition, under specified circumstances, private duty (special) nursing in the home setting also is covered.

(2) The private duty (special) nursing care must be ordered and certified to **be** medically necessary **by** the attending physician.

(3) The skilled nursing care must be rendered **by** a private duty (special) nurse who is neither a member of the immediate family nor is a member of the beneficiary's household.

(4) **Private** duty (special) nursing care does not, except incidentally, include providing services that provide or support primarily the essentials of **daily** living or acting as a companion or sitter.

(5) If the private duty (special) nursing care services being performed are primarily **those** that could be rendered by the average adult with minimal instruction or supervision, the services would not qualify as covered private duty (special) nursing services, regardless of whether performed by an R.N., regardless of whether or not ordered and certified to **by** the attending physician, and regardless of the condition of the patient.

(6) In order for such services **to** be considered for benefits, a private duty (special) nurse is required to maintain detailed daily nursing notes, whether the case involves inpatient nursing service or nursing services rendered in the home setting.

(7) Claims for continuing private duty (special) nursing care shall be submitted at least every 30 days. Each claim will be reviewed and the nursing care evaluated whether it continues to be appropriate and eligible for benefits.

(8) In most situations involving private duty (special) nursing care rendered in **the** home setting, benefits will **be** available only for a portion of the care, that is, providing benefits only for that time actually required to perform medically necessary skilled nursing services. If full-time private duty (special) nursing services are engaged, usually for convenience or to provide personal services to the patient, CHAMPUS benefits are payable only for that **portion** of the day during which skilled nursing services are rendered, but in no event is **less** than 1 hour of nursing care payable in any 24-hour period during which skilled nursing services are determined to have been **rendered**. Such situations **often** are

better accommodated through the use of visiting nurses. This allows the personal services that are not **coverable** by CHAMPUS to be obtained at lesser cost from other than an R.N. Skilled nursing services provided by visiting nurses are covered under CHAMPUS.

NOTE : When the services of an R.N. are not available, benefits may be extended for the otherwise covered **services** of a **L.P.N.** or **L.V.N.**

m. Physicians in a teaching setting.

(1) Teaching Physicians.

(a) General. The services of teaching physicians may be reimbursed on an allowable charge basis only when the teaching physician has established an attending physician relationship between the teaching physician and the services (e.g., services rendered as a consultant, assistant surgeon, etc.) . Attending physician services may include both direct patient care services or direct supervision of care provided by a physician in training. In order to be considered an attending physician, the teaching physician must:

1 Review the patient's history and the record of examinations and tests in the institution, and make frequent reviews of the patient's progress; and

2 Personally examine the patient; and

3 Confirm or **revise** the diagnosis and determine the course of treatment to be followed; and

4 Either perform the physician's services required by the patient or supervise the treatment so as to assure that appropriate services are provided by physicians in training and that the care meets a proper quality level; and

5 Be present, and ready to perform any service performed by an attending **physician** in a nonteaching setting when a major surgical procedure or a complex or dangerous medical procedure is performed; and

6 Be personally responsible for the patient's care, at least throughout the **period** of **hospitalization**.

(b) Direct supervision by an attending physician of care provided by physicians in training. Payment on the basis of allowable charges may be made for the professional services rendered to a beneficiary by **his/her** attending physician when the attending physician provides personal and **identifiable** direction to physicians in training who are participating in the care of the patient. It is not necessary that the attending physician be personally present for all services, but the attending physician must be on the provider's premises and available to provide immediate **personal** assistance and direction if needed.

(c) Individual, personal services. A teaching physician may be reimbursed on an allowable charge basis for any individual, identifiable service rendered to a CHAMPUS beneficiary, so long as the service is a covered service and is normally reimbursed separately, and so long as the patient records substantiate the service.

(d) Who may bill. The services of a teaching physician must be billed by the institutional provider when the physician is employed by the provider or a related entity or under a contract which provides for payment to the physician by the provider or a related entity. Where the teaching physician has no relationship with the provider (except for standard physician privileges to admit patients) and generally treats patients on a fee-for-service basis in the private sector, the teaching physician may submit claims under his/her own provider number.

(2) Physicians in training. Physicians in training in an approved teaching program are considered to be "students" and may not be reimbursed directly by CHAMPUS for services rendered to a beneficiary when their services are provided as part of their employment (either salaried or contractual) by a hospital or other institutional provider. Services of physicians in training may be reimbursed on an allowable charge basis only if:

(a) The physician in training is fully licensed to practice medicine by the state in which the services are performed, and

(b) The services are rendered outside the scope and requirements of the approved training program to which the physician in training is assigned.

D. OTHER BENEFITS

1. General. Benefits may be extended for the allowable charge of those other covered services and supplies described in this section D., which are provided in accordance with good medical practice and established standards of quality by those other authorized providers described in Chapter 6 of this Regulation. Such benefits are subject to all applicable definitions, conditions, limitations, or exclusions as otherwise may be set forth in this or other chapters of this Regulation. To be considered for benefits under this section D., the described services or supplies must be prescribed and ordered by a physician. Other authorized individual professional providers acting within their scope of licensure may also prescribe and order these services and supplies unless otherwise specified in this section D. For example, durable medical equipment and cardiorespiratory monitors can only be ordered by a physician.

2. Billing practices. To be considered for benefits under this Section D., covered services and supplies must be provided and billed for by an authorized provider as set forth in Chapter 6 of this Regulation. Such billing must be **itemized** fully **and** described sufficiently, even when CHAMPUS payment is determined under the CHAMPUS **DRG-based** payment system, so that CHAMPUS can determine whether benefits are **authorized by** this Regulation. Except for claims subject to the CHAMPUS **DRG-based** payment system, whenever continuing charges are involved, claims **should** be submitted to the appropriate CHAMPUS fiscal intermediary at least every 30 days (monthly) either by the beneficiary or sponsor or directly by the provider. For claims subject to the CHAMPUS **DRG-based** payment system, claims may be submitted only after the beneficiary has been discharged or transferred from the hospital.

3." Other covered services and supplies

a. Blood. If **whole** blood or plasma (or its derivatives) are provided and billed for by an authorized institution in connection with covered treatment, benefits are extended as set forth in section B. of this chapter. If **blood** is billed for directly to a beneficiary, benefits may **be** extended under this section D. in the same manner as a medical supply.

b. Durable medical equipment

(1) Scope of benefit. Subject to the exceptions in paragraphs (2) and (3) below, only durable medical equipment (**DME**) which is ordered by a physician for the specific use of the beneficiary, and which complies with the definition of "Durable Medical Equipment" in Chapter 2 of this Regulation, and which is not **otherwise** excluded by this Regulation qualifies as a Basic Program benefit.

(2) Cardiorespiratory monitor exception.

(a) When prescribed by a physician who is otherwise eligible as a CHAMPUS individual professional provider, or who is on active duty with a United States Uniformed Service, an electronic cardiorespiratory monitor, including technical support necessary for the proper use of the monitor, may be cost-shared as durable medical equipment when supervised by the prescribing physician for in-home use by:

1 An infant beneficiary who has had an apparent life-threatening event, as defined in guidelines issued by the Director, **OCHAMPUS**, or a designee, or,

2 An infant beneficiary who is a subsequent or multiple birth biological sibling of a victim of sudden infant death syndrome (**SIDS**), or,

3 An infant beneficiary whose birth weight was 1,500 grams or less, or,

4 An infant beneficiary who is a **pre-term** infant with pathologic apnea, as defined in guidelines issued by the Director, **OCHAMPUS**, or a designee, or,

(3) Newborn patient in his or her own right. When a newborn infant remains as an inpatient in his or her own right (usually after the mother is discharged), the newborn child becomes the beneficiary and patient and the extended inpatient stay becomes a separate inpatient admission. In such a situation, a new, separate inpatient cost-sharing amount is applied. If a multiple birth is involved (such as twins or triplets) and two or more newborn infants become patients in their own right, a separate inpatient cost-sharing amount must be applied to the inpatient stay for- each newborn **child** who has remained as an inpatient in his or her own right.

c. Outpatient cost-sharing. Dependents of active duty members of the Uniformed Services or their sponsors are responsible for payment of 20 percent of the CHAMPUS-determined allowable cost or charge beyond the annual fiscal year deductible amount (as described in paragraph **F.2.a.** of this chapter) for otherwise covered services or supplies provided on an outpatient. basis by authorized providers.

d. Ambulatory surgery.. Notwithstanding the above provisions pertaining to outpatient cost-sharing, dependents of active duty members of the Uniformed Services or their sponsors are responsible for payment of \$25 for surgical care that is authorized and received while in an outpatient status and that has been designated in guidelines issued by the Director, **OCHAMPUS**, or a designee.

e. Psychiatric partial hospitalization services. Institutional and professional **services** provided under the psychiatric partial hospitalization program authorized by paragraph **B.10.** of this chapter shall be cost-shared as inpatient services.

3. Retirees, dependents of retirees, dependents of deceased active duty members, and dependents of deceased retirees. CHAMPUS beneficiary liability set forth for **retirees**, dependents of retirees, dependents of deceased active duty members, and dependents of deceased retirees is as follows:

a. Annual. fiscal year deductible for outpatient services or supplies. The annual fiscal year deductible for otherwise covered outpatient services or supplies provided retirees, dependents of retirees, dependents of deceased active duty members, and dependents of deceased retirees, is the same as the annual fiscal year outpatient deductible applicable to dependents of active duty members of rank E-5 or above (refer to paragraph **F.2.a.(1)** or **(2)** of this chapter).

b. Inpatient cost-sharing. Cost-sharing amounts for inpatient services shall be as follows:

(1) Services subject to the CHAMPUS DRG-based payment system. The cost-share shall be the lesser of an amount calculated by multiplying a per diem amount for each day of the hospital stay except. the day of discharge or 25 percent of the hospital's billed charges. The per diem amount shall be calculated so that total cost-sharing amounts for these **beneficiaries** is equivalent to 25 percent of the **CHAMPUS-determined** allowable costs for covered services or supplies provided on an inpatient basis by authorized providers. The per diem amount shall be published annually by CHAMPUS.

(z) Services subject to the mental health per diem payment system. The cost-share is dependent upon whether the hospital is paid a hospital-specific per diem or a regional per diem under the provisions of subsection A.2. of Chapter 14. With respect to care paid for on the basis of a hospital-specific per diem,

the cost-share shall be 25% of the hospital-specific per diem amount. For care paid for on the basis of a regional per diem, the cost share shall be the lower of a fixed daily amount or 25% of the hospital's billed charges. The fixed daily amount shall be 25% of the per diem adjusted so that total beneficiary cost-shares will equal 25% of total payments under the mental health per diem payment system. This fixed daily amount shall be updated annually and published in the Federal Register along with the per diems published pursuant to subparagraph A.2.d. (2) of Chapter 14.

(3) Other services. For services exempt from the CHAMPUS DRG-based payment system and the CHAMPUS mental health per diem payment system and services provided by institutions other than hospitals, the cost-share shall be 25% of the CHAMPUS-determined allowable charges.

c. Outpatient cost-sharing.

(1) For services other than ambulatory surgery services. Retirees, dependents of retirees, dependents of deceased active duty members, and dependents of deceased retirees are responsible for payment of 25 percent of the CHAMPUS-determined allowable costs or charges beyond the annual fiscal year deductible amount (as described in paragraph F.2.a. of this chapter) for otherwise covered services or supplies provided on an outpatient basis by authorized providers.

(2) For services subject to the ambulatory surgery payment method. For services subject to the ambulatory surgery payment method set forth in Chapter 14 D., of this regulation, the cost share shall be the lesser of: 25 percent of the payment amount provided pursuant to Chapter 14.D.; or 25 percent of the center's billed charges.

d. Psychiatric partial hospitalization services. Institutional and professional services provided under the psychiatric partial hospitalization program authorized by paragraph B.10. of this chapter shall be cost-shared as inpatient services.

4. Former spouses. CHAMPUS beneficiary liability set forth for former spouses eligible under the provisions of paragraph B.2.b. of Chapter 3 is as follows:

a. Annual fiscal year deductible for outpatient services or supplies. An eligible former spouse is responsible for the payment of the first \$150 of the CHAMPUS-determined reasonable costs or charges for otherwise covered outpatient services or supplies provided in any one fiscal year. (Except for services received prior to April 1, 1991, the deductible amount is \$50.00). The former spouse cannot contribute to, nor benefit from, any family deductible of the member or former member to whom the former spouse was married or of any CHAMPUS-eligible children.

b. Inpatient cost-sharing. Eligible former spouses are responsible for the payment of cost-sharing amounts the same as those required for retirees, dependents of retirees, dependents of deceased active duty members, and dependents of deceased retirees.

c. Outpatient cost-sharing. Eligible former spouses are responsible for payment of 25 percent of the CHAMPUS-determined reasonable costs or charges beyond the annual fiscal year deductible amount for otherwise covered services or supplies provided on an outpatient basis by authorized providers.

5. Cost-Sharing under the Military-Civilian Health Services Partnership Program. Cost-sharing is dependent upon the type of partnership program entered into, whether external or internal. (See section P. of Chapter 1, for general requirements of the Military-Civilian Health Services Partnership Program.)

a. External Partnership Agreement. Authorized costs associated with the use of the civilian facility **will be** financed through CHAMPUS under the normal cost-sharing and reimbursement procedures applicable under CHAMPUS.

b. Internal Partnership Agreement. Beneficiary cost-share under internal agreements will **be** the same as charges prescribed for care in military treatment facilities.

6. Amounts over CHAMPUS-determined allowable costs or charges. It is the responsibility of the CHAMPUS fiscal intermediary to determine allowable costs for services and supplies provided by hospitals and other institutions and allowable charges for services and supplies provided by physicians, other individual professional providers, and other providers. Such **CHAMPUS-determined allowable** costs or charges are made in accordance with the provisions of Chapter 14. All CHAMPUS benefits, including calculation of the CHAMPUS or beneficiary cost-sharing amounts, are based on such **CHAMPUS-determined** allowable costs or charges. The effect on the **beneficiary** when the billed cost, or charge is over the CHAMPUS-determined allowable amount is dependent upon whether or not the applicable claim was submitted on a participating basis on behalf of the beneficiary or submitted directly by the beneficiary on a nonparticipating basis **and on** whether the claim is for inpatient **hospital** services subject to the CHAMPUS **DRG-based** payment system. This provision applies to all classes of CHAMPUS beneficiaries .

NOTE : When the provider "forgives" or "waives" any beneficiary liability, such as amounts applicable to the annual fiscal year deductible for outpatient services or supplies, or the inpatient or outpatient cost-sharing as previously set forth in this section, the CHAMPUS-determined allowable charge or cost allowance (whether payable to the CHAMPUS beneficiary or sponsor, or to a participating provider) shall be reduced by the same amount.

a. Participating providers. There are several circumstances under which institutional and individual providers may be Participating Providers, either on a mandatory basis or a voluntary basis. See Chapter 6, A.8. A Participating Provider, whether participating for all claims or on a claim-by-claim basis, must accept the **CHAMPUS-determined** allowable amount as payment in full for the medical services or supplies provided, and must accept the amount paid by CHAMPUS or the CHAMPUS payment combined with the cost-sharing and deductible amounts paid by or on behalf of the beneficiary as payment in full for the covered medical services or supplies. Therefore, when costs or charges are submitted on a participating basis, the patient is not obligated to pay any amounts disallowed as being over the **CHAMPUS-determined** allowable cost or charge for authorized services or supplies.

b. Nonparticipating providers. Nonparticipating providers are those providers who do not agree on the CHAMPUS claim form to participate and thereby do not agree to accept the **CHAMPUS-determined** allowable costs or charges as the full charge. For otherwise covered services and supplies provided by such

nonparticipating CHAMPUS providers, payment is made directly to the beneficiary or sponsor and the beneficiary is liable under applicable law for any amounts over the CHAMPUS-determined allowable costs or charges. CHAMPUS shall have **no** responsibility for any amounts over allowable costs or charges as determined by CHAMPUS .

7. [Reserved]

8. Cost-sharing for services provided under special discount arrangements.

a. General rule. With respect to services determined by the Director, OCHAMPUS (or **designee**) to be covered by Chapter 14, section I., the Director, OCHAMPUS (or designee) has authority to establish, as an exception to the cost-sharing amount normally required pursuant to this chapter, a different cost-share amount that appropriately reflects the application of the statutory cost-share to the discount arrangement.

b. Specific applications. The following are examples of applications of the general rule; they are not all inclusive.

(1) In the case of services provided by individual health care professionals and other noninstitutional providers, the cost-share shall be the usual percentage of the CHAMPUS allowable charge determined under Chapter 14, section I.

(2) In the case of services provided by institutional providers normally paid on the basis of a **pre-set** amount (such as **DRG-based** amount under Chapter 14, section A1. or per-diem amount under Chapter 14, section A.2.), if the discount **rate** is **lower** than the **pre-set** rate, the cost-share amount that would apply for a beneficiary other than an active duty dependent pursuant to the normal **pre-set** rate would be reduced by the same percentage by which the **pre-set** rate was reduced in setting the discount rate.

9. Waiver of deductible amounts or cost-sharing not allowed.

a. General rule. Because deductible amounts and cost sharing are statutorily mandated, except when specifically authorized by law (as determined by the Director, OCHAMPUS), a provider may **not** waive or forgive beneficiary liability for annual deductible amounts or inpatient or outpatient cost-sharing, as set forth in this chapter.

b. Exception for bad debts. This general rule is not violated in cases in which a provider has made all reasonable attempts to effect collection, without success, and determines in accordance with generally accepted fiscal management standards that the beneficiary liability in a particular case is an uncollectible bad debt.

c. Remedies for noncompliance. Potential remedies for noncompliance with this requirement include: '-''

(1) A claim for services regarding which the provider has waived the beneficiary's liability may be disallowed in full, or, alternatively, the amount payable for such a claim may be reduced by the amount of the beneficiary liability waived.

(2) Repeated noncompliance with this requirement is a basis for exclusion of a provider.

G. EXCLUSIONS AND LIMITATIONS

In addition to any definitions, requirements, conditions, or limitations enumerated and described in other chapters of this Regulation, the following specifically are excluded from the Basic Program:

1. Not medically or psychologically necessary. Services and supplies that are not medically or psychologically necessary for the diagnosis or treatment of a covered illness (including mental disorder) or injury, for the diagnosis and treatment of pregnancy, or for well-baby care except as provided in the following paragraph.

2. Unnecessary diagnostic tests. X-ray, laboratory, and pathological services and machine diagnostic tests not related to a specific illness or injury or a definitive set of symptoms except for cancer screening mammography and cancer screening papanicolaou (PAP) smears provided under the terms and conditions contained in the guidelines adopted by the Director, OCHAMPUS.

3. Institutional level of care. Services and supplies related to inpatient stays in hospitals or other authorized institutions above the appropriate level required to provide necessary medical care.

4. Diagnostic admission. Services and supplies related to an inpatient admission primarily to perform diagnostic tests, examinations, and procedures that could have been and are performed routinely on an outpatient basis.

NOTE : If it is determined that the diagnostic x-ray, laboratory, and pathological services and machine tests performed during such admission were medically necessary and would have been covered if performed on an outpatient basis, CHAMPUS benefits may be extended for such diagnostic procedures only, but cost-sharing **will** be computed **as if** performed on an outpatient-basis.

5. Unnecessary postpartum inpatient stay, mother or newborn. Postpartum inpatient stay of a mother for purposes of staying with the newborn infant (usually primarily for the purpose of breast feeding the infant) when the infant (but not the mother) requires the extended stay: or continued inpatient stay of a newborn infant primarily for purposes of remaining with the mother when the mother (but not the newborn infant) requires extended postpartum inpatient stay.

6. Therapeutic absences. Therapeutic absences from an inpatient facility, except when such absences are specifically included in a treatment plan approved by the Director, **OCHAMPUS**, or a designee. For cost-sharing provisions refer to Chapter 14, paragraph **F.3**.

7. Custodial care. Custodial care regardless of where rendered, except as otherwise specifically provided in paragraphs **E.12.b.** , **E.12.c.** and **E.12.d.** of this chapter.

8. Domiciliary care. Inpatient stays primarily for domiciliary care purposes.

9. Rest or rest cures. Inpatient stays primarily for rest or rest cures.

10. Amounts above allowable costs or charges. Costs of services and supplies to the extent amounts billed are over the CHAMPUS determined allowable cost or charge, as provided for in Chapter 14.

11. No legal obligation to pay, no charge would be made. Services or supplies for which the beneficiary or sponsor has no **legal** obligation to pay; or for which no charge would be made if the beneficiary or sponsor was not eligible under CHAMPUS; or whenever CHAMPUS is a secondary payer **for** claims subject to the CHAMPUS **DRG-based** payment system, amounts, when combined with the primary payment, which **would be** in excess of charges (or the amount the provider is obligated to accept as payment in full, if it is less than the charges).

12. Furnished without charge. Services or supplies furnished without charge.

13. Furnished by local, state, or Federal Government. Services and supplies paid for, or eligible for payment, **directly or** indirectly by a local, state, or Federal Government, except as provided under CHAMPUS, or by government hospitals serving the general public, or medical care provided by a Uniformed Service medical care facility, or benefits provided under title XIX of the Social Security Act (Medicaid) (reference (h)) (refer to Chapter 8 of this Regulation).

14. Study, grant, or research programs. Services and supplies provided as a part of or under a scientific or medical study, grant, or research program.

d. Rh immune globulin.

e. Genetic tests as specified in paragraph E.3.b. of this chapter.

f. Immunizations and physical examinations provided when required in the case of dependents of active **duty military** personnel who are traveling outside the United States as a result of an active member's duty assignment and such travel is being performed under orders issued by a Uniformed Service.

g. Screening mammography for **asymptomatic** women 35 years of age and older when provided under the terms and conditions contained in the guidelines adopted by the Director OCHAMPUS.

h. Cancer screening **papanicolaou** (PAP) smear for women who are or have been sexually active, and women 18 years of age and older under the terms and conditions contained in the guidelines adopted by the Director, **OCHAMPUS**.

38. **Chiropractors and naturopaths.** Services of chiropractors and naturopaths whether or not such services would be eligible for benefits if rendered by an authorized provider.

39. **Counseling.** Counseling services that are not medically necessary in the treatment of a diagnosed medical condition: for example, educational counseling, vocational counseling, nutritional counseling, counseling for **socio-economic** purposes, diabetic self-education programs, stress management, life style modification, etc. Services provided by a certified marriage and family therapist, pastoral or mental health counselor in the treatment of a mental disorder are covered only as specifically provided in Chapter 6. Services provided by alcoholism rehabilitation counselors and certified addiction counselors are covered **only** when rendered in a CHAMPUS-authorized treatment setting and only when the cost of those services is included in the facility's **CHAMPUS-determined** allowable cost-rate.

40. **Acupuncture.** Acupuncture, whether used as a therapeutic agent or as an anesthetic.

41. **Hair transplants, wigs, or hairpieces**

NOTE : In accordance with Section 744 of the DoD Appropriation Act for 1981 (reference (o)), CHAMPUS coverage for wigs or **hair-pieces** is permitted effective December 15, 1980, under the conditions listed below. **Continued** availability of benefits will depend on the language of the annual DoD Appropriation Acts.

a. **Benefits provided.** Benefits may be extended, in accordance with the **CHAMPUS-determined** allowable charge, for one wig or hairpiece per beneficiary (lifetime maximum) when the attending physician certifies that alopecia has resulted from treatment of a malignant disease and the beneficiary certifies that a wig or hairpiece has not been **obtained** previously through the U.S. Government (including the Veterans Administration).

b. **Exclusions.** The wig or hairpiece benefit does not include coverage for the following:

(1) Alopecia resulting from conditions other than treatment of malignant disease.

(2) Maintenance, wig or hairpiece supplies, or replacement of the wig or hairpiece.

(3) Hair transplants or any other surgical procedure involving the attachment of hair or a wig or hairpiece to the scalp.

(4) Any diagnostic or therapeutic method or supply intended to encourage hair regrowth.

42. Education or training. Self-help, academic education or vocational training services and supplies, unless the provisions of Chapter 4, paragraph **B.1.e.**, relating to general or special education, apply.

43. Exercise/Relaxation/Comfort Devices. Exercise equipment, spas, whirlpools, hot tubs, swimming pools, **health** club membership or other such charges or items.

44. Exercise. General exercise programs, even if recommended by a physician and regardless of whether or not rendered by an authorized provider. In addition, passive exercises and range of motion exercises also are excluded, except when prescribed by a physician and rendered by a physical therapist concurrent to, and as an integral part of, a comprehensive program of physical therapy.

45. Audiologist, speech therapist. Services of an audiologist or speech therapist, except when prescribed by a physician and rendered as a part of treatment addressed to the physical defect itself and not to any educational or occupational deficit.

46. Vision care. Eye exercises or visual training (**orthoptics**).

47. Eye and hearing examinations. Eye and hearing examinations except as specifically provided in paragraph **C.2.p.** of this chapter or except when rendered in connection with medical or surgical treatment of a covered illness or injury. **Vision** and hearing screening in connection with well-baby care is not excluded.

48. Prosthetic devices. Prostheses, except artificial limbs and eyes, or if an item is inserted surgically in the body as an integral part of a surgical procedure. **All** dental prostheses are excluded, except for those specifically required in connection with otherwise covered orthodontia directly related to the surgical correction of a cleft palate anomaly.

49. Orthopedic shoes. Orthopedic shoes, arch supports, shoe inserts, and other supportive devices for the feet, including special-ordered, custom-made built-up shoes, or regular shoes later built up.

50. Eyeglasses. Eyeglasses, spectacles, contact lenses, or other optical devices, **except** as specifically provided under subsection **E.6.** of this chapter.

51. Hearing aids. Hearing aids or other auditory sensory enhancing devices.

52. Telephonic services. Services or advice rendered by telephone or other telephonic device, including remote monitoring, except for **transtelephonic** monitoring of cardiac pacemakers.

53. Air conditioners, humidifiers, dehumidifiers, and purifiers.

54. Elevators or chair lifts.

55. Alterations. Alterations to living spaces or permanent features attached thereto, even when necessary to accommodate installation of covered durable medical equipment or to facilitate entrance or exit.

56. Clothing. Items of clothing or shoes, even if required by virtue of an allergy (such as cotton fabric as against synthetic fabric and vegetable dyed shoes).

57. Food, food substitutes. Food, food substitutes, vitamins, or other nutritional supplements, including those related to prenatal care.

RESERVED

CHAPTER 5

PROGRAM FOR THE HANDICAPPED (PPTH)

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CHAPTER 5
PROGRAM FOR THE HANDICAPPED (PFTH)

A. GENERAL

The PFTH is essentially a program of financial assistance for military personnel on active duty whose spouses or children may be moderately or severely mentally retarded or seriously physically handicapped and in need of specialized institutional care, training, or rehabilitation, and the required services are not available from public institutions or agencies. The PFTH was established by Congress to be a source of financial assistance when an active duty member's handicapped dependents, by virtue of residency laws, have been excluded from appropriate publicly operated programs or institutions for the handicapped. The requirement is, therefore, a requirement that all local resources must be considered and those determined as adequate be utilized first, before an application for coverage under the PFTH will be acted on by the Director, OCHAMPUS, or a designee. There is a further requirement that all institutional care otherwise authorized be provided in not-for-profit CHAMPUS-approved institutions. Coverage for any services or supplies under the PFTH requires prior approval.

1. Physical or mental examinations. The Director, OCHAMPUS, or a designee, may request a beneficiary to submit to one or more appropriate medical (including psychiatric) examinations to determine the beneficiary's entitlement to benefits for which application has been made or for otherwise authorized services and supplies required in the proposed management plan for the handicapped dependent. When such an examination has been requested, CHAMPUS will withhold payment of any pending claim or claims or preauthorization requests on that particular beneficiary. If the beneficiary or sponsor does not agree to the requested examination, or unless prevented by a medical reason acceptable to CHAMPUS, the examination is not performed within 90 days of the initial request, all pending claim or claims for services and supplies will be denied. A denial of payments for such services or supplies provided before and related to the request for a physical examination is not subject to reconsideration. The cost of the examination or examinations will be at the expense of CHAMPUS (including any related beneficiary transportation costs). The examination or examinations may be performed by a physician or physicians in a Uniformed Services medical facility or by an appropriate civilian physician, as determined and selected by the Director, OCHAMPUS, or a designee, who is responsible for making such arrangements as are necessary.

2. Right to information. As a condition precedent to the provision of benefits hereunder, OCHAMPUS or CHAMPUS fiscal intermediaries shall be entitled to receive information from a physician or hospital or other person, institution, or organization (including a local, state, or Federal Government agency) providing services or supplies to the beneficiary for which claims or requests for approval for benefits are submitted. Such information and records may relate to the attendance, testing, monitoring, examination, diagnosis of, treatment rendered, or services and supplies furnished to, a beneficiary and shall be necessary for the accurate and efficient administration of CHAMPUS benefits. In addition, before a determination on a request for preauthorization or claim of benefits is made, a beneficiary or sponsor must provide particular additional information relevant to the requested determination, when necessary. The recipient of such information shall in every case hold such records confidential except when (a) disclosure of such information is authorized specifically by the beneficiary;

(b) disclosure is necessary to permit authorized governmental officials to investigate and prosecute criminal actions; or (c) disclosure is authorized or required specifically under the terms of the Privacy or Freedom of Information Acts (references (i), (j), and (k)) (refer **to section M. of Chapter 1 of this Regulation**). For the purposes of determining the applicability of and implementing **the** provisions of chapters 8, 11 and 12, -or any provision of similar purpose of any other medical benefits coverage or entitlement, **OCHAMPUS** or CHAMPUS fiscal intermediaries, without consent or notice to any beneficiary or sponsor, may release to any insurance company or other organization, government agency, provider, or other entity any information with respect to any beneficiary when such release constitutes a routine use duly published in the Federal Register in accordance with the Privacy Act (reference (k)). Before a beneficiary's or sponsor's claim of benefits will be adjudicated, the beneficiary or sponsor must furnish to CHAMPUS that information which reasonably may be expected to be in his or her possession and that is necessary to make the benefit determination. Failure to provide the requested information may result in denial of the claim.

3. Claims filing deadline. For all services provided on or after January 1, 1993, to be considered for benefits, all claims submitted for benefits must, except as provided in Chapter 7, of this regulation, be filed with the appropriate **CHAMPUS** contractor no later than one year after the services are provided. Unless the requirement is waived, failure to file a claim within this deadline waives all rights to benefits **for** such services or supplies.

4. Eligibility for benefits

a. Eligibility criteria. Eligibility criteria for CHAMPUS generally are contained in **Chapter 3** of this Regulation. However, coverage under the PFTH includes and is further limited to:

(1) The dependents, as defined in Chapter 3 but excluding former spouses, of a member of one of the Uniformed Services who is under call or order to active duty that does not specify a period of 30 days **or less**, who are moderately **or** severely mentally retarded or who have a serious physical handicap; or

(2) The dependents of a deceased active duty service member who died after January 1, 1967, while eligible for receipt of hostile fire pay or from a disease or injury incurred while eligible for such pay, who are under 21 years of age, and who otherwise meet the criteria of subparagraph **A.4.a.** (1), above, and were receiving benefits **under** the PFTH at the time of said member's death.

b. Sponsor ceases to be active duty member. When the sponsor ceases to be an active duty member because of death, benefits under the PFTH may be continued through the last day of the calendar **month** following the month in which the sponsor's death occurred. When the sponsor ceases to be an active duty member for any other reason, such as retirement, separation, or deserter status, benefits **under** the PFTH cease as of 12:01 a.m. of the day following the day the status of the sponsor changes. Exception is made only for those spouses and children under 21 years of age of deceased members