

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
DEPARTMENT OF DEFENSE (HEALTH AFFAIRS)
AND THE
U.S. COAST GUARD

CONCERNING UNITED STATES COAST GUARD
PARTICIPATION IN TRICARE

I. **Purpose:** To document the broad understanding between the Department of Defense (DoD) and the Department of Homeland Security (DHS) regarding Coast Guard (CG) participation in TRICARE, the Military Health System (MHS). Most importantly, this document affirms the strong commitment of each Department to ensure that all TRICARE-eligible beneficiaries have access to high quality, cost effective health care.

II. **Authority:** The Coast Guard is authorized to enter into this MOU with DoD pursuant to 14 USC, section 141 – Cooperation with other agencies, States, territories, and political subdivisions; and 14 USC, section 93(a)(17) – authority to provide health care and (20) – Commandant; General Powers.

III. **Background:**

- A. CG Active Duty Members: In accordance with Title 10 USC § 1074(a), active duty CG members are entitled to all the benefits and services of the MHS, and have the same access to referrals and inpatient care in DoD facilities as DoD active duty members.
- B. Family Members of Active Duty CG Members: In accordance with Title 10 USC §§ 1076, 1079, and 1097, family members of CG active duty are eligible for all the benefits and services of the MHS and have the same access to TRICARE services as family members of DoD active duty members. The Coast Guard is responsible for ensuring that family members of active duty CG members are provided with information regarding their health care options under TRICARE and will encourage them to enroll in TRICARE Prime where it is available.
- C. Retired CG Members and their Families and Survivors: In accordance with Title 10 USC §§ 1074(b), 1086, and 1097, CG retirees, their family members, and survivors are eligible for all the benefits and services of the MHS and have the same access to TRICARE services as DoD retirees and survivors subject to the availability of space and facilities and the capabilities of the

medical and dental staff. The Coast Guard is responsible for ensuring that retired CG members, their families, and survivors are provided with information regarding their health care options under TRICARE Prime and, if eligible, will encourage them to enroll in TRICARE Prime where it is available.

IV. TRICARE/Coast Guard Interface: The CG Health and Safety Directorate (G-WK) is the central point of contact for TRICARE issues and policy. Individual Action Officers have been designated within the Directorate to work closely with Assistant Secretary of Defense for Health Affairs and TRICARE Management Activity (TMA) staff members. G-WK will consult with Health Affairs/TMA regarding broad policy issues as well as changes or modifications to the TRICARE program.

- A. CG Maintenance and Logistics Commands (MLCs) have been delegated the responsibility for coordinating the participation of CG beneficiaries and activities of CG health care clinics with the DoD TRICARE program.
- B. Maintenance and Logistics Command Atlantic (MLCLANT) is responsible for CG participation in TRICARE North, South, Europe, and Latin America/Canada Regions. Maintenance and Logistics Command Pacific (MLPAC) is responsible for CG participation in TRICARE West and Pacific Regions.

V. Coast Guard Beneficiaries and Clinics:

- A. Approximately 190,000 of the CG's 214,000 beneficiaries (active duty, family members, retirees, survivors) reside within DoD's TRICARE Regions. Also, approximately half of these beneficiaries reside within the catchment area of a DoD Military Treatment Facility (MTF).
- B. The CG operates primary care clinics within the continental United States, Alaska, Hawaii and Puerto Rico. Each clinic is staffed with at least one full-time physician, and approximately half of those clinics are staffed with additional primary care providers such as physician assistants and/or nurse practitioners. Approximately 50 percent of CG active duty members obtain their primary care at a CG clinic. These clinics also treat DoD active duty members and non-active duty beneficiaries (CG and DoD).

VI. Health Care Automation: The Office of the Assistant Secretary of Defense (Health Affairs) (OASD (HA)) and the TMA have a full complement of health automated information systems. These systems support the clinical, logistical, resourcing, and decision support as well as program management functions. A separate MOU documents the understanding between ASD (HA) and the USCG concerning USCG participation in Military Health System Information Management/Information Technology (MHS IM/IT) processes.

VII. The Health Insurance Portability and Accountability Act (HIPAA): Under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191, the US Department of Health and Human Services (DHHS) published a final rule (45 C.F.R. Parts 160 and 164) establishing national standards for privacy of health information. As outlined herein, the CG and DoD participate jointly in TRICARE. CG beneficiaries have entitlements to benefits and services of the MHS and TRICARE. Utilization review and the same utilization metrics are applied jointly to CG and DoD beneficiaries receiving care in the MHS MTFs, as well as under TRICARE and through the Managed Care Support Contractors (MCSCs). Thus, CG and the DoD MHS form an organized health care arrangement under HIPAA. As an organized health care arrangement, CG and DoD have a joint Notice of Privacy Practices, participate jointly in implementing physical and administrative safeguards to protect the automated health information system from intentional or accidental misuse, and are deploying a Protected Health Information Management Tool to manage and jointly track authorizations and approved disclosures. CG and DoD will use shared security standards such as OCTAVE to develop and maintain the security of all electronic individual health information in the MHS IM/IT systems and processes.

VIII. CG Clinics:

- A. CG clinics will be the primary care managers for active duty CG members who are stationed in their catchment areas. A Primary Care Manager (PCM) will be designated by the responsible Clinic.
- B. TMA Regional Directors will coordinate the assignment of DOD personnel to CG clinics with the responsible MLC.
- C. CG clinics will not be TRICARE Prime PCMs for non-active duty beneficiaries except in sites specifically designated by the responsible MLC.
- D. CG clinics may provide care for beneficiaries not enrolled in TRICARE Prime when space is available.
- E. Unless enrolled to a CG clinic, Active Duty Service Members and Active Duty Family Members who are enrolled in TRICARE Prime, TRICARE Prime Remote for Active Duty Service Members or TRICARE Prime Remote for Active Duty Family Members will not be authorized to receive primary health care in CG clinics except in areas designated by the responsible MLC. Clinics requesting this exclusion must provide adequate documentation indicating that an insufficient number of TPR providers are available in the local area to provide this primary care benefit.

IX. CG Representatives at TRICARE Regional Offices: The CG will assign full-time regional Liaison Officers to the North, South, and West TRICARE Regional Offices.

- A. Full-time Liaisons will be assigned as detached billets of the responsible MLC. Their general duties will be assigned by the Regional Director and administrative oversight and evaluations provided by the MLC. Evaluation of Liaison Officers to the Regional Offices will be standardized by agreements between the Regional Director and the applicable MLC.
- B. TRICARE Regional Office Liaisons will assist in the development of the policies related to DoD/CG activities in the respective TRICARE Region. Final approval of such policies rests with the MLCs and Regional Directors.

X. **Financial:** Title 10 USC § 1085 states that when the medical facilities of one Executive Department provide health care to beneficiaries of another Executive Department, the Executive Department whose beneficiaries receive the care will reimburse the other for the care provided at rates reflecting the average cost of providing the care. These established rates are known as interagency reimbursement rates (hereafter referred to as "rates"). The rates are published annually by the Department of Defense and detail all billable charges as described in subsection C. below.

A. Care Furnished in CG Clinics and MHS MTFs:

1. For care provided to CG members and dependents in a DoD MTF, the CG shall reimburse at current rates in accordance with policies established by the MTF's parent DoD Service. Generally, DoD Service Headquarters may invoice via one consolidated monthly, or by individual MTF, Voucher For Transfer (Standard Form 1080) to the CG for payment. DoD shall forward bills for MTF services provided to CG personnel to MLC/PAC.

Similarly, the CG will submit one consolidated monthly Voucher For Transfers to each of the DoD Service Headquarters for care rendered to DoD members and family members in CG clinics. Payment by the DoD Services Headquarters will be made to CG Human Resources Directorate. The Coast Guard will also provide detailed information (as listed in X. C. 1.) per SF1080, for any denied payment for services rendered, to include reason for denial.

- a. For the Air Force, MTFs will bill for CG member and beneficiary care on a monthly basis and forward a SF 1080 to the CG. The CG will pay the Air Force monthly vouchers by IPAC (Intra-governmental Payments and Collections System) through the servicing DFAS (Defense Finance and Accounting Service).
- b. For the Navy, MTFs and Dental Treatment Facilities (DTFs) will bill for CG member and beneficiary care on a monthly basis and forward to BUMED, via their Healthcare Support Offices (HSOs), for verification purposes. BUMED will consolidate bills by HSO

and submit SF 1080s to the CG for payment. The Coast Guard will pay the Navy with one monthly voucher per SF1080 and forward those payments to BUMED by IPAC through the servicing DFAS.

- c. For the Army, MTFs will bill for CG member and beneficiary care on a monthly basis and forward to Army Medical Command (MEDCOM), who will verify proper billing and combine the bills for their Service and submit one consolidated SF1080 to the CG for payment. The CG will pay the Army monthly voucher by IPAC through the servicing DFAS.
- d. The Department of Defense (DOD) and the Coast Guard recognize a joint need to maintain custody of health records for beneficiaries using MTFs for primary care. In order to facilitate accountability and auditing, each MTF should maintain custody of all health records for enrolled beneficiaries. The only exception is the health records of active duty Coast Guard members enrolled to a DOD MTF will be retained at the member's parent Coast Guard command as per Coast Guard policy. This will ensure accountability as each service has different retention and readiness standards. The DOD MTF will retain original copies of all care provided to active duty Coast Guard members at the MTF with copies given to Coast Guard members for inclusion in their Coast Guard health records. The custody of health records for Coast Guard dependents and retired members enrolled to a DOD MTF will follow current DOD policy. (COMDTINST M6000.1B, Ch 4.A.5)

2. If a CG clinic, acting as the primary care manager, refers a DoD active duty member to a civilian provider for consultation or care, the CG clinic shall follow procedures established by the DoD member's Service. In some instances, the CG clinic may be directed to refer the member back to the parent Service in the event of illness or injury requiring extensive care. In the event the CG is asked to pay for civilian provider care for DoD Service beneficiaries, the CG will bill DoD for actual cost. Purchased care for Coast Guard Active Duty members enrolled to a DoD MTF PCM will be managed by that PCM.

B. Purchased Care:

1. Managed Care Support Contracts Awarded Prior to Fiscal Year 2003. TRICARE Areas not under Revised Financing: If the DoD MTF refers a CG dependent or retired member to a civilian provider, or if a CG dependent or retired member goes to a civilian provider without a referral, the provider shall send the bill to the MCSC who will process the bill.

The Contractor will report the dollar amount of the care attributable to CG family members and retired members to TMA, Contract Resource Management (CRM), who will provide billed amounts to the CG by the 15th of each month for the prior month's charges via the web at <https://tma-purchasedcare.ha.osd.mil/>. After posting, CRM will process collection from the CG through the IPAC system. This billing will include health care and contractor administrative charges.

2. Managed Care Support Contracts Awarded Prior to Fiscal Year 2003. Revised Financing Areas: Under the provisions of Revised Financing, the MTF is responsible for payment of civilian claims for their TRICARE Prime enrollees. Therefore, when a Coast Guard family member or retired member enrolled in Prime in an MTF is referred to, or seeks care without a referral from, a civilian provider, the MTF, not the TMA, will bill the Coast Guard for care provided at the amount paid by the MTF. The interagency rate as outlined in paragraph IX does not apply.

3. Managed Care Support Contracts Awarded August, 2003. Nationwide: As these contracts phase in, "Revised Financing" will be replaced nationwide by payment responsibility based on place of enrollment. This program will operate in a similar fashion to the present Revised Financing in that TMA will not be billing the Coast Guard for services provided in the private sector for health care provided to a Coast Guard beneficiary enrolled in Prime to an MTF. However, rather than each MTF billing the Coast Guard, the parent DoD Service of the MTFs will be doing the billing on behalf of its MTFs. TMA will be billing the Coast Guard for care provided to Coast Guard beneficiaries who are not enrolled at an MTF. For all billings, whether from the DoD services or TMA, the Coast Guard will have access to bill details through the TMA, CRM, Purchased Care website. Billings to the Coast Guard will be for the amounts paid by the contractors to providers and/or beneficiaries and reimbursed to the contractors by the DoD. Interagency rates do not apply. TMA billings will also include contractor administrative charges and be on the schedule and collected as described above in paragraph 1 of this section (Purchased Care).

4. Pharmacy Services: For drugs and other covered items dispensed by the TRICARE Mail Order Pharmacy (TMOP) contractor and for payments made to pharmacies and beneficiaries for drugs and other covered items by the TRICARE Retail Pharmacy (TRRx) contractor for Coast Guard members, family members, and retired members, TMA will bill the Coast Guard and collect on the schedule as described above in paragraph 1 of this section (Purchased Care). This billing and collection will also include contractor administrative charges.

5. When a CG clinic refers a family member or retired member to civilian care, the beneficiary will typically be disengaged in compliance with prevailing CG policies.

6. Cognizant MLC will be the waiver authority for Coast Guard family members and retired members residing within a MTF's TRICARE Prime Catchment Area and requesting waiver to select a Network PCM vs. MTF PCM.

7. Uniformed Services Family Health Plan (USFHP). The CG will be billed the capitation-generated amount for all enrolled and eligible USFHP beneficiaries on a monthly basis.

8. The monthly amounts due to TMA and to the DoD services shall be summarized into four bills (Army, Navy, Air Force, and TMA) and the amounts shall be collected from the Coast Guard through IPAC.

C. Billing Procedures:

1. DoD MTFs/DTFs and CG clinics will follow the procedures established by their parent Service. Detailed data to be provided monthly on DD7A printouts (or similar electronic format) generated by the Composite Health Care System (CHCS) will include: patient name, beneficiary category, diagnosis, Medical Expense Performance Reporting System (MEPRS) Code, and procedures. Charges for Inpatient Hospitalizations/Service are calculated per Diagnosis Related Group (DRG); charges will be itemized when this capability is available. Charges for outpatient visits, procedures and ancillary services (laboratory, radiology and pharmacy) will be calculated in accordance with the DoD guidelines for Outpatient Itemized Billing. Charges for dental treatment will be calculated using the current ADA rates (or CDT codes when available) and weighted value associated with each procedure or service. Inpatient DRG charges, outpatient and ancillary charges per procedure/prescription by facility will also be provided monthly on the DD7A printout (or similar electronic format) generated by the CHCS. Dental charges will be provided using adhoc reports because CHCS is not available in the DTFs. Each service will keep a copy of this printout and the Voucher for Transfer (SF 1080) submitted to the CG. Both DoD and the CG recognize the need for timely billing and will make every reasonable effort to ensure that billings are submitted within 90 days after care is provided. The CG and DoD will reimburse each other within 45 days of receipt of a complete and correct Voucher for Transfers (SF 1080). In order to allocate the charges into the appropriate accounting data, the SF-1080 will reflect encounters to the MTF listed in the following four primary beneficiary categories: Active Duty, Active Duty Family Members, Retiree and Retiree Family Members.

2. A beneficiary's other health insurance will be billed at the Third Party Collections Rate. Any unpaid balances will be paid by the USCG up to established interagency rates.

3. Through the IPAC system as described above in IX.B.1, the CG will be billed and pay for the current Fiscal Year on a bimonthly basis a charge for administrative support provided by the DoD contractors. The charge is determined based on the FY 1998 actual charge inflated at three percent per year.

4. For Non-Active Duty Prime and Prime Remote Enrollees reasonable travel expenses for Specialty Care over 100 miles as authorized in Title 10 USC § 1074i, will be billed annually on a per capita basis. Non-Active Duty Prime Enrollees are: Active Duty Family Members, Retirees, and Retiree Families enrolled in Prime or Prime Remote. Active Duty members are not part of this benefit and are not included in the calculation below. The reimbursement rate will be calculated for each TRICARE Region. The rate shall be calculated by taking the total funds allocated to the applicable TRICARE Region then dividing it by the total number of non-AD DoD beneficiaries in that region. The result will then be multiplied by the total number of Coast Guard beneficiaries in the applicable region to determine the Coast Guard's annual contribution for Specialty Care Travel.

D. Federal Medical Care Recovery Act (FMCRA): Under Title 10 USC § 1095, a third party payer has an obligation to pay the uniformed services the reasonable charge for health care services provided to covered beneficiaries in an MTF or CG clinic. The obligation to pay is to the extent that the beneficiary would be eligible to receive reimbursement from the third party. A DoD MTF that provides care to a Coast Guard beneficiary will bill the USCG under established billing procedures and forward any Medical Affirmative Claim (MAC) information to U.S. Coast Guard Headquarters for review and/or collection. (See section XII.A for the address.) In addition, a beneficiary's other health insurance shall be billed. Any unpaid balances will be paid by the USCG up to the interagency rate. A Coast Guard MTF that provides care to a DoD beneficiary will bill the respective DoD agency under established billing procedures and forward any MAC to that respective DoD agency for review and/or collection. The Coast Guard agrees to provide TMA a FMCRA point of contact and address. TMA will notify the CG FMCRA point of contact of the source and amount of any funds it receives for recoveries under FMCRA. Funds received by TMA for purchased care will be credited to the appropriate CG account. TMA will refund payments received for direct care to the CG FMCRA point of contact. The CG shall report all FMCRA recoveries to the TRICARE Management Activity, Office

of General Counsel, no later than February 28 of each year, pursuant to the reporting requirements found at 32 CFR 199.12(j)(2).

XI. Term and Modification:

- A. This agreement will go into effect immediately after being approved by both organizations and will remain in effect until terminated.
- B. This agreement can be terminated by either party by giving at least 90 days written notice to the other party.
- C. This agreement may be amended by mutual written consent at any time. The parties shall review this MOU periodically to determine whether amendment is necessary. In particular, the MOU shall be reviewed and amended as necessary following any legislative changes affecting TRICARE or billing policies.
- D. Nothing in this agreement is intended to conflict with current law or regulation or the directives of the United States Coast Guard, the Department of Homeland Security, or the Department of Defense. If a term of this agreement is inconsistent with such authority, then that term shall be invalid, but the remaining terms and conditions of this agreement shall remain in full force and effect.

XII. Addresses and Points of Contact:

- A. The address for submission of billings for reimbursement from the Coast Guard and questions regarding outstanding bills may be addressed to:

Commander (kma-2)
US Coast Guard
Maintenance & Logistics Command Pacific
Ronald V. Dellums Federal Bldg
1301 Clay Street, Suite 170N
Oakland, CA 94612-5200

Questions regarding Coast Guard policies and procedures about payments may be addressed to:

Commandant (G-WRP-2)
U. S. Coast Guard Headquarters
Human Resources Directorate
2100 2nd Street SW, Room 5502
Washington, DC 20593-0001

Attn: Medical Fund Manager
Phone: (202) 267-2669

B. The address for reimbursement from the Army is:

Headquarters, USAMEDCOM
2050 Worth Road, Suite 9
ATTN: MCRM-F
Fort Sam Houston, TX 78234-6009

Questions regarding Army billings may be addressed to Deputy Chief of Staff for Resource Management, U.S. Army Medical Command at (210) 221-7232.

C. The address for reimbursement from the Navy is:

Chief, Bureau of Medicine and Surgery
2300 E Street N.W. (M841)
Washington, DC 20372-5300

Questions regarding Navy billings may be addressed to Director, Accounting Division (M84), Bureau of Medicine and Surgery at (202) 762-3566.

D. The address for reimbursement from the Air Force is:

Air Force Medical Support Agency, Resource Management Division
3 Skyline Place
5201 Leesburg Pike #1501
Falls Church, VA 22041-3214

Questions regarding Air Force billings may be addressed to Chief, Resource Management Division, Office of the Surgeon General at (703) 681-6625.

D. The address for submission of billings for reimbursement to the TMA is:

TRICARE Management Activity – Aurora
Contract Resource Management
16401 East Centretch Parkway
Aurora, CO 80011-9066

Questions regarding TMA Purchased Care billings may be addressed to Contract Resource Management, Finance and Accounting at (303) 676-3631 or 3455.

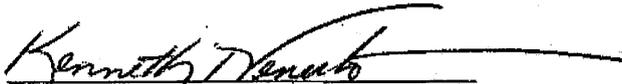
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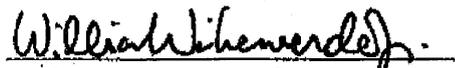
Approved:

Department of Homeland Security
U.S. Coast Guard


Assistant Commandant for Human Resources

Date: 11/4/04

Department of Defense
Office of Health Affairs


Assistant Secretary of Defense, Health Affairs

Date: 1/18/05