

# TRICARE Outpatient Prospective Payment System (OPPS) Fact Sheet

## **Legislative Mandate**

Under 10 U.S.C. 1079(h) and 1079(j)(2), TRICARE is mandated to adopt Medicare's reimbursement rules when practicable. Based on these statutory provisions, TRICARE will adopt Medicare's prospective payment system for reimbursement of hospital outpatient services.

## **Overview**

TRICARE Management Activity (TMA) will implement the TRICARE Outpatient Prospective Payment System (OPPS) reimbursement methodology on May 1, 2009.

TRICARE OPPS applies to all hospitals participating in the Medicare program and hospital-based partial hospitalization programs (PHPs) subject to TRICARE authorization requirements. TRICARE OPPS also applies to hospitals or distinct parts of hospitals that are excluded from the inpatient Diagnostic Related Group (DRG) Based Payment System, to the extent that the hospital or distinct part furnishes outpatient services. Some organizations, as defined by TRICARE policy, are exempt from OPPS.

Under OPPS, hospital outpatient services are paid on a rate-per-service basis that varies according to the Ambulatory Payment Classification (APC) group to which the services are assigned. Group services identified by Health Care Procedure Coding System (HCPCS) codes and descriptors within APC groups are the basis for setting payment rates under OPPS. To receive TRICARE reimbursement under OPPS, providers must follow all Medicare specific coding requirements, except in those instances where TMA develops specific APCs for those services that are unique to the TRICARE beneficiary population.

## **Differences between TRICARE and Medicare OPPS**

While the TRICARE OPPS is modeled after the Medicare OPPS, there are some differences between the two systems, such as covered benefits and copayments. The TRICARE Outpatient Code Editor will reflect these differences, allowing payment for those services covered under TRICARE, but not under Medicare and vice versa. In addition TRICARE will retain its current hospital outpatient deductible, cost-sharing/copayment amounts and catastrophic loss protection under its OPPS. Following is a summary of the notable differences between TRICARE and Medicare OPPS:

- **OPPS deductible and cost-sharing** Medicare OPPS coinsurance was initially frozen at 20 percent of the national median charge of the services within each APC or 20 percent of the APC payment rate, whichever was greater. This was designed so that as the total payment to the provider increased each year based on market basket updates, the present or frozen coinsurance amount would become a smaller portion of the total payment until the coinsurance represented 20 percent. Since imposition of Medicare's coinsurance amounts would have an adverse financial impact on TRICARE beneficiaries, TMA has opted to use the deductible and cost-sharing/copayments currently being applied under the TRICARE Prime, Extra and Standard programs.
- **Hold-harmless protection for cancer and children's hospitals** Under Medicare OPPS, cancer and children's hospitals continue to be eligible to receive additional transitional outpatient payments (TOPs) if the payments they receive under the OPPS is less than the payments they could have received for the same services under the payment system in effect before OPPS. TMA



## OPPS (cont.)

has opted to exempt cancer and children's hospitals from the OPPS in lieu of imposing the hold-harmless provision given the administrative complexity of capturing the data required for payment of monthly interim TOP amounts.

- **Observation Stays** The new maternity observation APC is T0002 and is assigned to the Level II HCPCS observation codes G0378 and G0379. A separate maternity observation APC amount will be paid if the stay is for a minimum of 4 hours and accompanied by one of the required maternity diagnoses.

### Preventive Medicine Services

Under Medicare, procedure codes 99381-99387 and 99391-99397 for preventive medicine services are not covered. Services for these codes are covered under TRICARE OPPS.

### Other TRICARE Notable Changes under OPPS

#### Ambulatory Surgery Procedures

Currently, ambulatory surgery procedures provided in both freestanding ambulatory surgery centers (ASCs) and hospital outpatient departments or emergency rooms are paid using prospectively determined rates established on a cost basis and divided into eleven groups. With implementation of OPPS, hospital-based ASCs will no longer be reimbursed under the original eleven tier payment system, but will instead be paid on a rate-per-service basis that varies according to the APC group to which the surgical procedure is assigned. Refer to [www.tricare.mil/OPPS](http://www.tricare.mil/OPPS) for more information.

Since freestanding ASCs are not subject to the same inpatient procedural restrictions as those imposed under OPPS, differences in procedural coverage may occur.

#### Emergency and clinic services

Emergency and clinic services (revenue codes 450 and 510) reimbursement will change under OPPS. Prior to implementation of OPPS these services were paid billed charges or at a network provider's contractual rate. TMA will offset the decrease in reimbursement by incrementally implementing the new reimbursement. Network providers will be reimbursed 200% of the new OPPS the first year and non-network providers will be reimbursed 140% the first year. The percentages will decrease each year until the fifth when all providers will be paid the OPPS amount. The following graph illustrates the changes.

Year	Network		Non-Network	
	ER	Hospital Clinic	ER	Hospital Clinic
Year 1	200%	175%	140%	140%
Year 2	175%	150%	125%	125%
Year 3	150%	130%	110%	110%
Year 4	130%	115%	100%	100%
Year 5	100%	100%	110%	100%



## OPPS (cont.)

### **Freestanding PHPs, ASCs and Birthing Centers**

Freestanding PHPs, ASCs, and Birthing Centers will be exempt from OPPS and will continue to be reimbursed under the current TRICARE reimbursement methodology. Copayments/cost-sharing will remain the same regardless of the setting in which the services are performed (free-standing or hospital-based).

### **National Correct Coding Initiative**

The Outpatient Code Editor incorporates the National Correct Coding Initiatives (NCCI) edits used by the Centers for Medicare and Medicaid Services. Claims processed under the TRICARE OPPS are exempt from current claims-auditing software requirements.

### **Participation Requirement**

To be an authorized provider under the TRICARE OPPS, an institutional provider must be a participating provider for all claims in accordance with 42 U.S.C. 1395cc(a)(1)(J) as implemented by 32 CFR 199.6(a)(8).

**TRICARE For Life (TFL) and Medicare Dual Eligible Beneficiaries** All TRICARE OPPS requirements apply to Medicare dual eligible claims when TRICARE is the primary payor.

For more information, please refer to the TRICARE Reimbursement Manual, Chapter 13, Section 2. The manual can be found at <http://manuals.tricare.osd.mil/>.



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