

DEPARTMENT OF DEFENSE**Office of the Secretary****TRICARE; Civilian Health and Medical Program of the Uniformed Services (CHAMPUS); Fiscal Year 2004 Diagnosis-Related Group Updates****AGENCY:** Office of the Secretary, DoD.**ACTION:** Notice of diagnosis-related group (DRG) revised rates.

SUMMARY: This notice describes the changes made to the TRICARE DRG-based payment system in order to conform to changes made to the Medicare Prospective Payment System (PPS).

It also provides the updated fixed loss cost outlier threshold, cost-to-charge ratios and the Internet address for accessing the updated adjusted standardized amounts and DRG relative weights to be used for FY 2004 under the TRICARE DRG-based payment system.

EFFECTIVE DATE: The rates, weights and Medicare PPS changes which affect the TRICARE DRG-based payment system contained in this notice are effective for admissions occurring on or after October 1, 2003.

ADDRESSES: TRICARE Management Activity (TMA), Medical Benefits and Reimbursement Systems, 16401 East Centretech Parkway, Aurora, CO 80011-9066.

FOR FURTHER INFORMATION CONTACT: Marty Maxey, Medical Benefits and Reimbursement Systems, TMA, telephone (303) 676-3627.

Questions regarding payment of specific claims under the TRICARE DRG-based payment system should be addressed to the appropriate contractor.

SUPPLEMENTARY INFORMATION: The final rule published on September 1, 1987 (52 FR 32992) set forth the basic procedures used under the CHAMPUS DRG-based payment system. This was subsequently amended by final rules published August 31, 1988 (53 FR 33461), October 21, 1988 (53 FR 41331), December 16, 1988 (53 FR 50515), May 30, 1990 (55 FR 21863), October 22, 1990 (55 FR 42560), and September 10, 1998 (63 FR 48439).

An explicit tenet of these final rules, and one based on the statute authorizing the use of DRGs by TRICARE, is that the TRICARE DRG-based payment system is modeled on the Medicare PPS, and that, whenever practical, the TRICARE system will follow the same rules that apply to the Medicare PPS. The Centers for Medicare and Medicaid Services (CMS) publishes these changes annually

in the **Federal Register** and discusses in detail the impact of the changes.

In addition, this notice updates the rates and weights in accordance with our previous final rules. The actual changes we are making, along with a description of their relationship to the Medicare PPS, are detailed below.

I. Medicare PPS Changes Which Affect the TRICARE DRG-Based Payment System

Following is a discussion of the changes CMS has made to the Medicare PPS that affect the TRICARE DRG-based payment system.

A. DRG Classifications

Under both the Medicare PPS and the TRICARE DRG-based payment system, cases are classified into the appropriate DRG by a Grouper program. The Grouper classifies each case into a DRG on the basis of the diagnosis and procedure codes and demographic information (that is, sex, age, and discharge status). The Grouper used for the TRICARE DRG-based payment system is the same as the current Medicare Grouper with two modifications. The TRICARE system has replaced Medicare DRG 435 with two age-based DRGs (00 and 901), and has implemented thirty-four (34) neonatal DRGs in place of Medicare DRGs 385 through 390. For admissions occurring on or after October 1, 2001, DRG 435 has been replaced by DRG 523. The TRICARE system has replaced DRG 523 with the two age-based DRGs (900 and 901). For admissions occurring on or after October 1, 1995, the CHAMPUS grouper hierarchy logic was changed so the age split (age <29 days) and assignments to MDS 15 occur before assignment of the PreMDC DRGs. This resulted in all neonate tracheostomies and organ transplants to be grouped to MDC 15 and not to DRGs 480-483 or 495. For admissions occurring on or after October 1, 1998, the CHAMPUS grouper hierarchy logic was changed to move DRG 103 to the PreMDC DRGs and to assign patients to PreMDC DRGs 480, 103 and 495 before assignment to MDC 15 DRGs and the neonatal DRGs. For admissions occurring on or after October 1, 2001, DRGs 512 and 513 were added to the PreMDC DRGs, between DRGs 480 and 103 in the TRICARE grouper hierarchy logic.

For FY 2004, SCMS will implement classification changes, including surgical hierarchy changes. The TRICARE Grouper will incorporate all changes made to the Medicare Grouper.

B. Wage Index and Medicare Geographic Classification Review Board Guidelines

TRICARE will continue to use the same wage index amounts used for the Medicare PPS. In addition, TRICARE will duplicate all changes with regard to the wage index for specific hospitals that are redesignated by the Medicare Geographic Classification Review Board.

C. Hospital Market Basket

TRICARE will update the adjusted standardized amounts according to the final updated hospital market basket used for the Medicare PPS according to CMS's August 1, 2003, final rule.

D. Outlier Payments

Since TRICARE does not include capital payments in our DRG-based payments, we will use the fixed loss cost outlier threshold calculated by CMS for paying cost outliers in the absence of capital prospective payments. For FY 2004, the fixed loss cost outlier the absence of capital prospective payments. For FY 2004, the fixed loss cost outlier threshold is based on the sum of the applicable DRG-based payment rate plus any amounts payable for IDME plus a fixed dollar amount. Thus, for FY 2004, in order for a case to qualify for cost outlier payments, the costs must exceed the TRICARE DRG base payment rate (wage adjusted) for the DRG plus the IDME payment plus \$28,365 (wage adjusted). The marginal cost factor for cost outliers continues to be 80 percent.

E. Blood Clotting Factor

For FY 2004, the contractors shall price the blood clotting factors using the "J" code pricing file provided by TRICARE Management Activity. TRICARE uses the same ICD-9-CM diagnosis codes as CMS for add-on payment for blood clotting factors.

F. National Operating Standard Cost as a Share of Total Costs

The FY 2004 TRICARE National Operating Standard Cost as a Share of Total Costs used in calculating the cost outlier threshold is 0.915.

G. Expansion of the Post Acute Care Transfer Policy

For FY 2004 TRICARE is adopting CMS' expanded post acute care transfer policy according to CMS' final rule published August 1, 2003.

II. Cost to Charge Ratio

For FY 2004, the cost-to-charge ratio used for the TRICARE DRG-based payment system will be 0.4865, which is increased to 0.4935 to account for bad

debts. This shall be used to calculate the adjusted standardized amounts and to calculate cost outlier payments, except for children's hospitals. For children's hospital cost outlier, the cost-to-charge ratio used is 0.5388.

III. Updated Rates and Weights

The updated rates and weights are accessible through the Internet at www.tricare.osd.mil under the sequential heading TRICARE Provider Information, Rates and Reimbursements, and DRG Information. Table 1 provides the ASA rates and Table 2 provides the DRG weights to be used under the TRICARE DRG-based payment system during FY 2004 and which is a result of the changes described above. The implementing regulations for the TRICARE/CHAMPUS DRG-based payment system are in 32 CFR part 199.

Dated: October 16, 2003.

Patricia L. Toppings,
Alternate OSD Federal Register Liaison Officer, Department of Defense.
[FR Doc. 03-26855 Filed 10-23-03; 8:45 am]
BILLING CODE 5001-08-M

DEPARTMENT OF DEFENSE

Office of the Secretary

Defense Intelligence Agency Advisory Board Closed Meeting

AGENCY: Department of Defense, Defense Intelligence Agency.

ACTION: Notice.

SUMMARY: Pursuant to the provisions of Subsection (d) of Section 10 of Public Law 92-463, as amended by Section 5 of Public Law 94-409, notice is hereby given that a closed meeting of the DIA Advisory Board has been scheduled as follows:

DATES: 3-4 November 2003 (8:30 a.m. to 5 p.m.).

ADDRESSES: The Defense Intelligence Agency, 200 MacDill Blvd., Washington, DC 20340.

FOR FURTHER INFORMATION CONTACT: Mr. Lawrence R. Carnegie, Program Manager/Executive Secretary, DIA Advisory Board, Washington, DC, 20340-1328, (703) 697-7898.

SUPPLEMENTARY INFORMATION: The entire meeting is devoted to the discussion of classified information as defined in section 552b(c)(1), Title 5 of the U.S. Code, and therefore will be closed to the public. The Board will receive briefings and discuss several current critical intelligence issues in order to advise the Director, DIA.

Dated: October 16, 2003.

Patricia L. Toppings,
Alternate OSD Federal Register Liaison Officer, Department of Defense.
[FR Doc. 03-26853 Filed 10-23-03; 8:45 am]
BILLING CODE 5001-08-M

DEPARTMENT OF DEFENSE

Office of the Secretary

Defense Science Board

AGENCY: Department of Defense.

ACTION: Notice of advisory committee meeting date change.

SUMMARY: On *Thursday, September 11, 2003 (68 FR 53597)*, the Department of Defense announced closed meetings of the Defense Science Board (DSB) Task Force on Patriot Systems Performance. The October 29-30, 2003, meeting has been moved to October 28-29, 2003. The meeting location remains at SAIC, 4001 N. Fairfax Drive, Arlington, VA.

Dated: October 17, 2003.

Patricia L. Toppings,
Alternate OSD Federal Register Liaison Officer, Department of Defense.
[FR Doc. 03-26854 Filed 10-23-03; 8:45 am]
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DEPARTMENT OF DEFENSE

Office of the Secretary

Meeting of the Defense Department Advisory Committee on Women in the Services (DACOWITS)

AGENCY: Department of Defense.

ACTION: Notice.

SUMMARY: Pursuant to section 10(a), Public Law 92-463, as amended, notice is hereby given of a forthcoming meeting of the Defense Department Advisory Committee on Women in the Services (DACOWITS). The purpose of the Committee meeting is to finalize the annual report. The meeting is open to the public, subject to the availability of space.

DATES: October 27, 2003, 8:30 a.m.-6 p.m.; October 28, 2003, 8:30 a.m.-5 p.m.

ADDRESSES: Hilton in Crystal City at 2399 Jefferson Davis Hwy., Arlington, VA.

FOR FURTHER INFORMATION CONTACT: Lieutenant Commander Shannon Thaeler, USN, DACOWITS, 4000 Defense Pentagon, Room 3D769, Washington, DC 20301-4000. Telephone (703) 697-2122 or Fax (703) 614-6233.

SUPPLEMENTARY INFORMATION:

Interested persons may submit a written statement for consideration by the Committee and make an oral presentation of such. Persons desiring to make an oral presentation or submit a written statement to the Committee must notify the point of contact listed above no later than noon, October 24, 2003. Oral presentations by members of the public will be permitted only on Monday, October 27, 2003, from 4:45 p.m. to 5 p.m. before the full Committee. Presentations will be limited to two minutes. Number of oral presentations to be made will depend on the number of requests received from members of the public. Each person desiring to make an oral presentation must provide the point of contact listed above with one (1) copy of the presentation by noon, October 24, 2003 and bring 35 copies of any material that is intended for distribution at the meeting. Persons submitting a written statement must submit one 35 copies of the statement to the DACOWITS staff by noon on October 24, 2003.

Meeting Agenda:

Monday, October 27, 2003

Welcome & Administrative Remarks
Committee Time—Finalizing Annual Report
Lunch (by invitation only)
Committee Time—Finalizing Annual Report
Public Forum (4:45 p.m.—5 p.m.)
Committee Time—Finalizing Annual Report

Tuesday, October 28, 2003

Committee Time—Finalizing Annual Report
Lunch (by invitation only)
Brief—Content Analysis of Site Visit Reports (1995-2001)
Committee Time—Topics for FY04 Senior Defense Officials

Dated: October 16, 2003.

Patricia L. Toppings,
Alternate OSD Federal Register Liaison Officer, Department of Defense.
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DEPARTMENT OF DEFENSE

Department of the Air Force

HQ USAF Scientific Advisory Board

AGENCY: Department of the Air Force, DoD.

ACTION: Notice of meeting.

SUMMARY: Pursuant to Public Law 92-463, notice is hereby given of the forthcoming meeting of the 2003